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UNIFORM CLASSIFICATION OF ACCOUNTS

for
OIL PIPE LINE COMPANIES

**BOARD OF TRANSPORT COMMISSIONERS
FOR CANADA**

DECEMBER 1958

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FOREWORD

Section 52 of the Pipe Lines Act, R.S.C., 1952, c. 211, provides that the Board of Transport Commissioners may prescribe or make regulations with respect to:

- (a) the manner in which the accounts of a company shall be kept;
- (b) the classes of property for which depreciation charges may properly be included under operating expenses, and the rate or rates of depreciation that shall be charged with respect to each of such classes of property; and
- (c) a uniform system of accounts applicable to any class of company.

The Uniform Classification of Accounts for Oil Pipe Line Companies, which was developed with the full co-operation of the companies concerned, is prescribed for all oil pipe line companies under the Board's jurisdiction, effective January 1, 1959.

In general arrangement, and in a considerable portion of the text, the Classification is patterned on the Uniform System of Accounts for Pipe Line Companies previously developed by the Interstate Commerce Commission in the United States, and the Board gratefully acknowledges the assistance received in this respect.



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GENERAL INSTRUCTIONS

GENERAL INSTRUCTIONS

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UNIFORM CLASSIFICATION OF ACCOUNTS

GENERAL INSTRUCTIONS

1. Companies to Which Classification Applies.

All oil pipe line companies subject to the jurisdiction of the Board of Transport Commissioners for Canada shall, unless otherwise directed, follow these accounting instructions.

2. Records.

The books to be used in recording transactions as classified in these regulations are not prescribed. They shall conform, however, to accepted accounting procedure and every account in the general ledger, in which transactions are assembled for balance sheet purposes, shall bear reference to the account number and title under which it is classified. Annual results shall be stated on the basis of years ending December 31st.

The accounts shall be posted currently and a general ledger trial balance shall be drawn off at the close of each month, but the closing of accounts for that purpose may be indicated in any orderly manner. Final entries for each month shall be made not later than sixty days after the last day of the month for which the accounts are stated, except that the period within which the final entries for the month of December shall be made may be extended to such date in the following March as will not interfere with preparation and filing of annual reports with the Board of Transport Commissioners.

The records shall be kept in such form as to permit determination of the correctness of the accounting and with sufficient particularity to show fully the facts pertaining to all entries made in the accounts. Where full information is not recorded in the general books, the entries therein shall be supported by other records in which full details shall be shown. The general book entries shall contain sufficient reference to the detail records to permit ready identification, and the detail records shall be filed in such manner as to be readily accessible for examination by representatives of the Board. Carriers are at liberty to subdivide the general and primary accounts here given.

3. Purpose of Account Grouping.

The accounts of this system are grouped so as to indicate their inter-relation to advantage. To that end maintenance and transportation accounts in expenses will conform, to the extent practicable, to property classified in the property accounts.

Balance sheet accounts. The general balance sheet and related accounts are designed to disclose the carrier's financial condition at the balance sheet date, by reflecting the assets, liabilities, capital stock and related items and the balance of retained earnings (or deficit) of the carrier.

Property accounts. The primary accounts in this grouping are designed to classify the carrier's transportation property. The physical property not used in oil transportation service is provided for in a balance sheet account for non-carrier property. The transportation property accounts shall be so maintained as to show separately expenditures for each authorized addition and replacement project.

Retained earnings accounts. Primary accounts in this grouping form a connecting link between the income accounts and retained earnings (deficit) as stated on the general balance sheet and an analysis of changes in retained earnings (deficit) balance during the year.

In addition to this final summarization of regular financial results, the group also provides accounts to disclose the results of unusual items which in aggregate are so material in relation to net income of the year that inclusion therein would impair its significance and be misleading. Such accounts for credit or debit adjustment of retained earnings shall include all special and extraordinary gains and losses of this nature during the year which are not clearly identifiable with usual or typical business relations.

Income accounts. The accounts in this grouping summarize revenues and expenses and are designed to show for each calendar year the total amount of money that the carrier has earned for services, the cost of rendering services, the accrued return on investments; and, the amount of accrued taxes and accrued charges for the use of money or property of others. The net balance of income (or loss) shall be transferred to retained earnings.

Within the Income and Expense accounts are separate groups of accounts for Gathering Lines and Trunk Lines. Expense accounts are further broken down into groups for Maintenance, Transportation and General Office and Other Expenses which pertain to pipe line operations. These separate groups of accounts are provided to assist the carrier in compiling the departmental statements required for these operations.

Operating revenue accounts. The primary accounts in this grouping are designed to classify all revenue which a carrier has earned from oil transportation and from operations incident thereto.

Operating expense accounts. The primary accounts in this grouping are designed to classify the expenses of furnishing oil transportation service, and of operations incident thereto, including maintenance of plant and equipment used in such service.

Clearing accounts. These accounts shall include expenses relating to both operations and construction which cannot be equitably distributed directly to a particular property or expense account. The balance in these accounts shall be closed out each month, or, if the carrier elects to distribute the charges each month on an equitable percentage basis they shall be closed out before the year end balance sheet is prepared.

General clearing accounts Nos. 751 to 793 are designed to facilitate the distribution to the appropriate gathering line and trunk line primary accounts of expenses of a general character. These distributions shall be upon the basis of factors deemed by the carrier to be equitable. The carrier shall maintain in its records the details of these general clearing accounts and the basis upon which the charges to them have been cleared.

4. Interpretation of Item Lists.

Lists of items have been given as part of the text of accounts in this classification to indicate the application of accounting rules in specific cases. The appearance of an item in a list warrants the inclusion of the item in the account only when the text of the account also indicates inclusion, since the same item frequently appears in more than one list. The lists in every case are to be considered as merely representative and not as excluding from any account analogous items which happen to be omitted from the list.

5. Submission of Questions.

Since uniformity of accounting results is a basic reason for this system of accounts, carriers shall submit all questions of doubtful interpretation of the accounting rules to the Board of Transport Commissioners for consideration and decision.

6. Property Acquired.

The primary property accounts shall record the cost to construct or acquire transportation property. If consideration given for such property is other than money, the money value of the consideration at the time of the transaction shall be charged to these accounts and a record of the actual consideration, in sufficient detail to identify it, shall be retained.

If the property acquired is constructed by or for the carrier, the cost to be recorded shall include the cost of labour, material and supplies, special machine service, transportation, contract work, protection from casualties, injuries and damages, privileges, equipment for specific construction projects, overhead during construction, interest during construction and other analogous costs in connection with such work. For this purpose the items of cost here referred to are defined below.

If the carrier purchases all or part of the existing facilities of another pipe line company then the acquired pipe line property shall be distributed to carrier property accounts Nos. 101 to 191 as applicable. If the facilities are purchased from an affiliated company, both original cost to the affiliated company and accumulated depreciation to date of purchase as shown by the books of the affiliated company shall be recorded in the carrier's accounts.

Cost of labour includes the amount paid for labour expended by the carrier's own employees. When employees are specially assigned to construction work, their pay, while thus engaged shall be included in the cost of the work. No charge shall be made to primary property accounts for the pay of employees who merely render services incidentally in connection with extensions, additions or replacements except as provided for in cost of overhead during construction.

The travelling and other incidental expenses of employees shall be distributed in accordance with distribution of the pay of such employees.

Cost of material and supplies includes the purchase price of material and supplies, including small tools, at the point of free delivery plus the cost of ad valorem taxes, and of inspection, transportation and loading assumed by the carrier, and where appropriate, a suitable proportion of store expenses.

In charging the property accounts with material and supplies used, proper allowance shall be made for the value of unused portions and other salvage; for the value of the material recovered from temporary pipe, scaffolding,

cofferdams and other temporary structures used in construction; and for the value of small tools recovered and used for other purposes.

Cost of special machine service includes the cost of labour and of material and supplies consumed in maintaining and operating power shovels, scrapers, pile drivers, dredges, ditchers, special pipe laying machines and other labour saving machines; and also amounts paid to others for rent and maintenance of such machines, but no charges for depreciation or rent or return upon the carrier's investment in such machines.

Cost of transportation includes the cost of transporting men, material and supplies, special machine outfits, appliances, and tools for construction purposes. The cost of the transportation of construction material to the point where material is received by the carrier shall be included, so far as practicable, as a part of the cost of such material.

Cost of contract work includes amounts paid for work performed under contract by other companies and individuals.

Cost of protection from casualties includes expenditures for protection against fire, such as payments for discovery or extinguishment of fire, cost of detecting and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipal corporations and others for fire protection, and other analogous items in connection with construction work.

Cost of injuries and damages includes expenditures on account of injuries to persons or damage to property incident to construction work. It also includes that portion of premiums paid for insuring property applicable to the period prior to the completion or coming into service of the property insured. Insurance recovered shall be credited to the accounts chargeable with the expenditures necessary to restore the damaged property. The cost of injuries and damages incident to the removal of old structures or parts thereof shall be charged to the expense account provided for the repair of such structures, except that such costs incurred in the removal of old structures which are encumbrances on newly acquired lands shall be included in the cost of the land.

Cost of privileges includes compensation for temporary privileges such as the use of public property or streets, in connection with construction work.

Cost of equipment for specific construction projects. When a construction project necessitates the purchase of equipment to be used exclusively therein until its work on the project is completed, the cost of such equipment shall be included in the accounts representing the cost of the work and no charge shall be made to expenses for depreciation on such equipment while the cost remains so charged. The amount realized from any subsequent sale, or the appraised value of equipment retained after the completion of the work for which it was purchased, shall be credited to the accounts charged with its cost. The appraised value of such equipment retained shall be debited to the appropriate primary account, and thereafter, for the purposes of accounting, such appraised value shall be considered as the cost of the equipment.

Cost of overhead during construction includes engineering, supervision, general office salaries and expenses, construction engineering and supervision, law expenses, insurance, taxes, and other analogous items.

The assignment of overhead costs to particular jobs or units shall be on the basis of actual and reasonable costs. The records supporting the entries for overhead during construction costs shall be maintained so as to show the

total amount of each overhead for the year, the nature and amount of each overhead expenditure charged to each construction work order and primary property account, and the bases of distribution of such costs.

Cost of interest during construction may include the cost to the carrier for the use of funds for the purposes of construction whether or not funded debt has been incurred. The basis of calculation of cost shall be as outlined in account No. 119, "Interest during construction" and the carrier may, at his option, prorate such cost over the depreciable primary property accounts.

Analogous elements of cost includes costs such as those incurred for disposing of material excavated in connection with construction except that when such material is used for filling, the cost of removal and dumping shall be equitably apportioned between the work for which removal was made and the work for which the material was used.

When the pipe line is in service, the operating revenues received and operating expenses incurred shall be included in the appropriate operating revenue and expense accounts and shall be reported as such in the carrier's annual reports to the Board of Transport Commissioners.

7. Additions, Replacements and Major Renewals.

(A) The cost of additions to or replacements of units of transportation property shall be charged to the appropriate primary property accounts. When used in this system of accounts:

Additions are additional facilities such as additional equipment, line pipe, buildings, and other structures; additions to such facilities, such as extensions to line pipe, buildings, and other structures. When a unit of property is retired from service and replaced with property of like purpose, the newly acquired property shall, for the purposes of these accounts, be considered an addition.

Cost of additions—see section 6 of these instructions.

Repairs made during property changes. When repairs are made to existing property, the cost of removing old material from equipment, and from buildings, line pipe, and other fixed improvements, and the cost of new materials plus the labour cost actually incurred, shall be charged to the expense accounts appropriate for repairs to the equipment or facility being repaired. Such charges shall include the cost of removing old foundations and filling old excavations, of restoring the condition of grounds after construction work and of maintaining the oil operations during the progress of construction work, including the cost of constructing, maintaining, and removing temporary line pipe required for that purpose.

Relocation of pipe line—see section 8 of these instructions.

Replacements include the substitution of one facility by a new facility or another facility. Replacement of a unit of property involves a write out of the old facility and a write in of the new facility. (See section 8 of these instructions.)

Major renewals. When the cost of renewals to parts of a unit of property, exclusive of the expense of dismantling and/or repairs of old parts reused, exceeds fifty percent of the replacement cost new of a unit of the kind and class as rebuilt at the time of rebuilding, the unit shall be considered as rebuilt.

This rule does not apply to renewal of a unit of property the replacement cost new of which does not exceed \$35,000.

The rebuilt unit shall be accounted for as an addition and the old unit accounted for as retired from service. The term "cost of renewals" means the cost of material (other than second-hand parts remaining in the rebuilt unit) plus the cost of labour used in the rebuilding process, exclusive of the expense of dismantling and repairing old parts reused.

The charge to the appropriate property account for the rebuilt units shall be the sum of (i) the value of the second-hand parts remaining in the rebuilt unit, appropriately valued and (ii) the cost of labour and additional material applied; both exclusive of the expense of dismantling and repairing second-hand parts reused.

When second-hand equipment acquired (not previously owned by the carrier) is in such physical condition that it is necessary to make extensive repairs to bring it up to the standard required by the carrier, the cost of such repairs shall be included in the account appropriate for the cost of the equipment.

(B) Unit of property. The term "unit of property" means those items of property that are included in the List of Accounting Units of Property for Oil Pipe Line Companies. As will be noted from the aforementioned list, a unit is not necessarily a complete structure, but may be a part of a complete structure where (i) such part is a physically distinct part of the structure and (ii) the amount of money involved is material. The units listed are to be considered representative and not excluding from any account analogous units which are omitted from the list. Where additional units are desired in a given account, appropriate designations may be selected preferably from a list in other accounts. It is contemplated that the list of units contained herein will be revised and amended from time to time as experience and conditions warrant.

(C) Minimum rule. When property, other than land and rights of way, is acquired the cost of which is less than \$500, the cost shall be charged to expenses. When a property change involves the replacement of a unit of property and such replacement cost is less than \$500, the replacement cost shall be charged to expenses.

The carrier shall not combine unrelated items of property for the purpose of excluding them from this rule and thus capitalize expense items, nor shall expenditures made under a general plan for related items costing \$100 or more per item be parcelled out into smaller parcels for the purpose of charging capital items to expense.

The carrier may for the purpose of its accounting adopt a limit of less than the aforementioned amounts for any class of plant or equipment provided it first files a request with the Board of Transport Commissioners and obtains from the Board permission to adopt a lower limit. No subsequent change is to be made in the amount of the limit except by authority of the Board of Transport Commissioners.

(D) List of accounting units of property for oil pipe line companies. This list of units is established for the purpose of designating the items of property the cost of which shall be written out of the property accounts when the property is retired and replaced. When property is retired and not replaced the cost thereof shall be written out of the property accounts whether or not it constitutes a unit as established in this list. All items listed are subject to the respective minimum accounting rule applicable to each.

The cost of replacing minor items, i.e., the component parts of which units of property are composed, shall be charged to expenses.

The cost of additional units of property, or of additions to units of property in the form of minor items, shall be charged to the property accounts, except as excluded therefrom under the minimum rule.

102 or 152. Rights of way

A section of right of way

103 or 153. Main pipe line

5000 feet of pipe 16 inches in diameter or larger contained in a continuous section.

1500 feet of pipe of less than 16 inches in diameter contained in a continuous section.

Fittings for pipe lines 16 inches or more in diameter contained in a continuous section of 5000 feet of line pipe.

Fittings for pipe lines less than 16 inches in diameter contained in a continuous section of 1500 feet of line pipe.

The construction cost pertaining to a unit of line pipe.

Bridge, road, fence and gate when
essential to pipe line construction

Cattleguard

Culvert

Casing pipe

Protective coating

Cathodic protection system

Slab

Vent line

106, 156 or 176. Buildings

Airstrip

Aircraft hangar

Auxiliary building

Boiler

Boiler house

Building covering valve, scraper
and strainer pit

Clearing and landscaping
building area

Employee housing

Equipment house

Fence and gate around building

Gravimeter house

Garage

Office building

Oil house

Pump house

Road and parking area

Sewage system

Warehouse

Well house

108 or 158. Pumping equipment

Air compressor

Air cooling system

Air intake and exhaust system

Air starting system

Booster pump

Engine cooling system

Engine

Fuel oil system

Heat exchanger

Lube oil system

Motor

Pump

Seal oil system

Speed increaser

109, 159 or 179. Machine tools and machinery

Air compressor

Boring machine

Drilling machine

Engine

Grinder

Hoist

Lathe

Lifting magnet

Milling machine

Pipe cutting and threading
machine

Planer

Shaper

Welding machine

110 or 160. Other station equipment

Calibration tank
Electrical system
Fire fighting equipment
Fuel oil tank
Gasoline system
Lubricating oil tank
Main control panel
Manifold
Metering equipment
Oil sump system

Outside power line and lighting facilities
Permanent water right
Reservoir
Station instrument control
Station oil line and fittings
Steam system
Water system, storage tank
Water tower structure

111 or 161. Oil tanks

Ammonia injection system
Catwalk
Cathodic protection system
Fire wall

Grade
Mechanical mixer
Oil tank
Tank gauge system

112 or 162. Receiving and delivery facilities

Ballast system
Cargo hose
Cathodic protection equipment
Cofferdam
Crane
Delivery rack
Dock
Dock structure
Engine used in connection with delivery facilities
Grading and site preparation
Loading platform

Oil tank at dock
Oil line pipe and fittings used in connection with delivery facilities
Pier
Pumping equipment used in connection with delivery facilities
Rail track used in connection with delivery facilities
Tanker
Tank truck
Winch

113, 163 or 183. Communication systems

Cable
Electric meter
Engine, stationary
Generator
Motor
Pole

Receiving set
Rectifier
Switchboard
Tower
Transformer
Wire

Radio and Radar Equipment

Aerial or antenna and attachments
Building or tower used exclusively for radio
Control unit

Radar console and associated equipment
Transmitter and receiver including mobile unit

114, 164 or 184. Office furniture and equipment

Accounting machine
Adding machine
Calculating machine
Chair
Comptometer
Desk
Duplicating machine
Dictating equipment

Filing equipment
Locker
Safe
Rug
Table
Typewriter
Water cooler

115, 165 or 185. Vehicles and other work equipment

Air compressor	Pipe cleaning machine
Automobile	Pipe line scraper
Compressed air tool	Power mower
Concrete mixer and breaker	Power shovel
Derrick	Pump
Ditching machine	Tamping and back filling machine
Gasoline and oil pump, portable	Tractor
Generator	Truck
Grading machine	Truck trailer
Hand truck	Welding machine
Motor boat	

117, 167 or 187. Aircraft, engines and flying equipment

Aircraft	Radio
Engine	Ski
Float	Wheel

8. Property Retired.

(A) When land or a unit of property is retired from transportation service, the ledger value shall be cleared from the appropriate primary property account and the service value accounted for as hereinafter provided. For this purpose the terms used are defined as follows:

Ledger value is the amount which at the time of retirement is charged to a primary property account with respect to land or the unit of property being retired. In case the value of any item of property is not shown separately in the records, the ledger value of that item shall be its proportionate share of the value of the entire group in which the particular property is included.

Service value as applied to property means the ledger value thereof less the value of the salvage and/or insurance, if any, recovered. In a case where the insurance recovery and salvage exceeds the ledger value, the total credit to the property account shall not exceed the ledger value.

Value of salvage includes the amount received for property retired, or for the material salvaged therefrom, if sold. When salvaged material retained for use by the carrier is charged to account No. 7, "Material and supplies", or other accounts of this system of accounts, the value shall be determined by deducting a fair allowance for depreciation from the price of the material as new. If the retired property is held without being demolished, the estimated value of the salvage therefrom shall be included in account No. 45, "Other deferred debits", until the salvage is recovered.

Property retired means a unit of property whether replaced or not, or property classified as "less than a unit" and not replaced, which is sold, abandoned, demolished, dismantled or otherwise withdrawn from transportation service.

Ordinary retirements result from causes reasonably assumed to have been contemplated in prior depreciation provisions and normally may be expected to occur when plant or equipment reaches the end of its service life. In the case of such a retirement, under the group system, accumulated depreciation should be charged with the entire cost of the retired asset, minus any realized or expected salvage. Under the group system there is no charge or credit to income for ordinary retirement except as discussed under dismantling cost. (See "Depreciation Accounting", section 9 (B) of these instructions.)

Extraordinary retirements result from causes not reasonably assumed to have been anticipated or contemplated in prior depreciation provisions. Such causes include unusual casualties (fire, storm, flood, etc.) sudden and complete obsolescence, or unexpected and permanent shutdown of an entire operating assembly or plant. An extraordinary retirement results in a net loss to the extent that the cost, less net salvage, has not been covered by depreciation provisions. The cost, together with the accumulated depreciation, determined in an equitable manner, shall, after permission of the Board of Transport Commissioners is obtained, be transferred to account No. 313, "Loss from sale and retirement of property".

Upon proof by the carrier that the charge or credit to accumulated depreciation in connection with the retirement of depreciable property will result in undue depletion or inflation thereof, with the approval of the Board of Transport Commissioners, it may charge to account No. 313, "Loss from sale and retirement of property" or credit to account No. 303, "Profit from sale of property", as applicable such part of the service value of the retired property which it is authorized to charge or credit hereto. The carrier's application to the Board for such permission shall give full particulars concerning the situation, and shall indicate the carrier's reason for the accounting proposed.

Dismantling cost is the cost of taking apart or disassembling facilities that have been or are being retired or sold, but only to the extent such cost is offset by gross salvage or sale value, realized or expected, of recovered material or equipment. Any costs incident to the dismantling of facilities that are in excess of the realized or expected gross salvage or sale value and are not capital expenditures, represent supplemental demolition expense and are chargeable to account No. 420, "Other income charges".

In the case of ordinary retirements under the group system, realized or expected salvage, within the range contemplated in depreciation provision, should be credited to accumulated depreciation. To the extent such salvage exceeds the contemplated range, it represents profit and should be credited to account No. 410, "Other income".

(B) If the unit of property being retired is classified as depreciable, the service value shall be charged to the accumulated depreciation.

The value of salvage shall be charged according to the disposition of the recovered material and credited to accumulated depreciation. The cost of dismantling or demolishing retired property and of recovering salvage shall be charged to account No. 31, "Accumulated depreciation—carrier property" or account No. 32, "Accumulated amortization—carrier property", as applicable, except that the current cost of removing and replacing less than a unit of line pipe and fittings in maintenance operations shall be included in account Nos. 602, 652 or 752, "Repairs of pipe lines", as applicable.

(C) **Land retired.** When land is no longer required for transportation purposes but is retained by the carrier, its ledger value shall be transferred from account Nos. 101, 151 or 171, "Land", as applicable, to account No. 34, "Non-carrier property". When land is sold the ledger value carried in account Nos. 101, 151 or 171, "Land" or account No. 34, "Non-carrier property", shall be credited with the respective costs and any profit or loss shall be recorded in account No. 303, "Profit from sale of property" or account No. 313, "Loss from sale and retirement of property", as applicable.

If the profit or loss on disposal of land is immaterial, the profit or loss shall be recorded in account No. 410, "Other income" or account No. 420, "Other income charges", as applicable.

(D) **Relocations.** Where a pipe line is relocated the part of the line changed shall be considered property retired and its ledger value credited to account Nos. 103 or 153, "Main pipe line", as applicable. The new line shall be considered an addition and its cost charged to account Nos. 103 or 153, "Main pipe line", as applicable. The cost of such pipe line changes which involve less than a unit of line pipe shall be charged to expenses.

When a carrier is compelled by governmental authority to relocate a unit of line pipe, which would be a replacement (as defined in general instructions, section 7) unless otherwise provided, the carrier may with approval of the Board of Transport Commissioners charge the costs of such relocation to expenses of the period in which the work was done.

If the retired oil line pipe is replaced with other pipe in the same location, the cost of opening and back filling the trench, together with the cost of hauling, laying and connecting the pipe, and other costs of pipe line construction, shall be charged to account Nos. 103 or 153, "Main pipe line", as applicable. The cost of removing the retired pipe from the trench shall be accounted for as cost of recovering the salvage. The cost of reconditioning of oil line pipe not removed shall be accounted for as repairs and not as retirements and replacements.

If the retired oil line pipe is not replaced in the same location, the cost of opening and back filling the trench from which the pipe is removed, together with the cost of removing the pipe, shall be accounted for as cost of recovering the salvage.

When a pipe line is abandoned it shall be accounted for as retired.

9. Depreciation Accounting.

(A) There shall be charged monthly to expenses or other appropriate accounts and credited to the accounts for accumulated depreciation amounts which will allocate the service value of the property over its estimated service life in a systematic and rational manner. The service value of the assets, for depreciation purposes, shall be their cost less their estimated salvage value. In determining the amount of the allocations, consideration may properly be given to pertinent factors such as variations in use, increasing obsolescence or inadequacy. The charges for depreciation shall be computed in conformity with the group plan under the straight line method, the "user" or unit of production method, the diminishing value or other methods approved by the Board of Transport Commissioners.

(B) The service life is the period of time between the installation of the property and its retirement for accounting purposes.

The group system contemplates that some part of the investment in a group of assets probably will be recovered through salvage realizations and that probably there will be variations in the service lives of the assets constituting the group, even among assets of the same class. The depreciation provision determined for the group is a weighted average of the various individual provisions reflecting the individual expectancies of life and salvage for the respective assets in the group. The accumulated depreciation shall be sub-divided so as to show separately the amount applicable to each group of primary accounts, each primary account or each group of assets or asset within a primary account.

Consequently, when the retirement or disposal of any individual asset in a group occurs under circumstances reasonably provided for through accumulated depreciation, it may be assumed such provision has been made.

Thus, whether the period of service is less or greater than average, accrued depreciation attributable to an asset at the time of retirement under such circumstances, is equal to the cost, except for that portion reasonably assumed recoverable through salvage realization. Assets remaining in use after reaching the average life expectancy are not regarded as fully depreciated until actual retirement. (See "Property retired" under section 8 (A) of these general instructions.)

(C) All primary accounts under property and equipment general account (with the exception of account Nos. 101, 151 or 171, "Land" and No. 191, "Construction work in progress") are classed as depreciable accounts. For the purpose of the group plan of depreciation accounting the depreciable accounts may be grouped according to the nature of the properties included therein.

(D) Monthly depreciation charges under the straight-line method shall be computed by applying the annual percentage rate to the depreciation base as of the first of each month and dividing the result by twelve.

Monthly depreciation charges under the "user" or unit of production method shall be computed by applying the appropriate rate per unit for the year to the number of units of use or production for the month.

Monthly depreciation charges under the diminishing value method shall be computed by applying the annual percentage rate to the undepreciated base as of the first of each month and dividing the result by twelve.

The carrier may, at his option and where the amount is material, compute depreciation charges commencing on the date the property was actually transferred to service rather than the first of the month following transfer to service.

(E) A separate rate or rates for each group of primary accounts, each primary account, or each group of assets or asset within a primary account shall be used in computing depreciation charges. Such rate or rates shall be those which are from time to time approved by the Board of Transport Commissioners except that where no rates for any class of property have previously been approved for the carrier's use by the Board, the carrier's estimate of such rates shall be used prior to the date they are approved by the Board of Transport Commissioners.

(F) As soon as the information can be assembled the carrier shall file with the Board of Transport Commissioners rates estimated to be appropriate for each primary account or each group of primary accounts covering depreciable property. These rates shall be based on the estimated service values and estimated service lives of the property developed by a study of the carrier's history and experience and such engineering and other information as may be available with respect to future conditions. Such rates shall, for each primary account or group of primary accounts comprised of more than one class of property, produce a charge for depreciation equal to the sum of the amounts that would otherwise be chargeable as depreciation for each of the various classes of property included in such account or such group of accounts. The rates when filed shall be accompanied by a statement showing the bases therefore and the methods employed in their computation and may be developed by the carrier by the method deemed most appropriate for the portrayal of the depreciation experienced.

(G) The carrier providing depreciation under either the straight-line method or the "user" or unit of production method shall keep such records of depreciable property and property retirements as will reflect the service life of property which has been retired, or will permit the determination of service life indications by mortality, turn-over or other appropriate methods; also such records as will reflect the percentage of value of the salvage for property retired from each class of depreciable property.

The carrier providing depreciation on the diminishing value or other method approved by the Board of Transport Commissioners shall be prepared to submit when directed by the Board, such records of depreciable property and property retirements as will reflect the service life of property which has been retired, or will permit the determination of service life indications by mortality, turn-over or other appropriate methods; also such records as will reflect the percentage of value of the salvage for property retired from each class of depreciable property.

The carrier shall be prepared at any time, upon direction of the Board of Transport Commissioners, to compute and submit for its approval revised rates in cases where existing rates are deemed inapplicable.

(H) In the event rates approved by the Board of Transport Commissioners, in the judgment of the carrier, become no longer applicable, the carrier shall in like manner file revised rates which in its judgment should be established. Where property is acquired for which no rates have been approved the carrier shall immediately compile and submit to the Board of Transport Commissioners appropriate estimates developed in accordance with the provisions of sub-paragraph (F) of these instructions.

(I) When the carrier wishes to change from depreciation accounting to amortization accounting in view of probable abandonment of carrier property due to exhaustion of particular sources of traffic, the authorization of the Board of Transport Commissioners is required. (See account No. 32, "Accumulated amortization—carrier property".)

10. Cost of Repairs.

The cost of repairs to be included in the maintenance accounts for both property and equipment shall include the cost of inspecting to determine what repairs are necessary; the cost of adjusting, repairing, or replacing parts, and the cost of inspecting, testing, and running of parts to determine that repairs were properly made and that the repaired item is ready for service. (See "Repairs made during property changes" under instruction 7.) Incidental costs such as the construction and removal of false work in connection with maintenance; the cost of relocating pipe line plant when retirement accounting for units of property is not involved; the cost of repairing fences, sidewalks, driveways and streets within or adjacent to such grounds; shall all be included in the cost of repairs. When performed by employees whose pay is normally charged to transportation expenses the following may be charged to the maintenance accounts or the transportation accounts at the option of the carrier; the cost of mowing and beautifying grounds around buildings; cost of removing snow from roofs of buildings (when not removed by those employed in the buildings); the cost of periodical restoration of seasonal features, such as gardens, shrubbery and lawns; and the cost of clearing and removing ice, snow, and fallen timber.

For the purposes of the maintenance accounts the elements of expense comprising cost of repairs; such as labour, material and supplies, special

machine service, transportation, contract work, privileges, protection from casualties, injuries and damages, and other analogous items; shall be as comprehensive as outlined in section 6 for similar elements comprising cost of operating property acquired. Royalties paid for patent rights on mechanical appliances used in repairs shall be included in the cost of repairs.

Equalization of maintenance expenses. The cost of maintaining property and equipment shall be included in the appropriate primary accounts in the month in which the expense is incurred. In case the carrier adopts a budget or estimate for all or a part of the calendar year of expenses includible in one or more primary maintenance accounts, an equitable monthly proportion of the difference between the budgeted or estimated expenses and the actual expenses chargeable each month may be debited or credited as appropriate to account No. 615, "Equalization—property" with contra entries in account No. 73, "Equalization reserves". If certain primary accounts only are budgeted the carrier's records shall show for amounts included in the equalization accounts the amount of the equalization assignable to each such primary account.

11. Insurance.

Insurance premiums paid to commercial insurance companies shall be charged to account No. 638, "Insurance" unless the costs are incurred in connection with construction of pipe line facilities or employee benefits. Insurance costs relative to the construction of pipe line facilities shall be charged pro rata to carrier property accounts. Insurance costs relative to employee benefits shall be charged to account No. 635, "Pensions and employee welfare expense". Amounts recovered from such insurance shall be credited to the account or accounts charged with the related loss.

Account No. 638, "Insurance" shall also be charged with estimated amounts in lieu of commercial insurance premiums, if the carrier elects to create and maintain reserves for self insurance. A schedule of risks covered by self insurance shall be kept, showing the character of risk and the rates used to compute the estimated charges. The rates shall not exceed commercial rates for the same protection. Claims paid, damages suffered, repairs made, or loss because of property retired, when covered by the self insurance schedule, shall be charged to the insurance reserve.

If the carrier reinsures self carried risks with a commercial insurance company, premiums for such policies shall be debited to the insurance reserve and recoveries under the policies shall also be credited thereto.

12. Funds, Reserves and Appropriations.

Where certain assets such as cash and securities have been set aside for a specific purpose, such assets shall be included in account No. 22, "Capital and other reserve funds" or account No. 23, "Insurance and other funds", as applicable. The carrier's contribution to these funds shall be appropriated from retained earnings or charged to expenses, as applicable. Amounts charged to expenses shall be credited to account No. 70, "Welfare and pension appropriations" or account No. 72, "Insurance reserves", as applicable.

Income from assets held in account No. 22, "Capital and other reserve funds" and account No. 23, "Insurance and other funds" shall be credited to account No. 407, "Income from reserve funds" and, when required by the mortgage or other provision to be held in the funds, cash and/or securities shall be transferred to the appropriate fund account.

Where the mortgage or other provision requires that income from assets held in the fund be added to the fund the carrier shall charge account No. 420, "Other income charges" and credit account No. 70, "Welfare and pension appropriations" or account No. 72, "Insurance reserves", as applicable, with the amount of the income.

Profits and losses from the sale of assets held in account No. 22, "Capital and other reserve funds" and account No. 23, "Insurance and other funds" shall be accounted for in the same manner as the income from assets held in these accounts and indicated in the preceding paragraphs.

13. Securities Owned.

The investment in securities by the accounting company shall be recorded in the respective accounts at the money value at the time of acquisition, or the consideration given therefor by the accounting company, but excluding amounts paid for accrued interest and accrued dividends.

(i) Temporary Cash Investments

(A) When temporary cash investments with a fixed maturity date are purchased at a discount or premium, such discount or premium may be amortized over the remaining life of the securities by periodical debits or credits to the account in which the cost of the securities is recorded with corresponding credits or debits to account No. 406, "Income from investments". If the amount to be amortized does not exceed \$1,000, the carrier may write off the total discount or premium at one time.

(B) Profits and losses on sales, or amounts required to provide allowances for the decrease in market value, of temporary cash investments shall be recorded in account No. 406, "Income from investments".

(ii) Other Investments

(A) When securities with a fixed maturity date, other than temporary cash investments, are purchased at a discount or premium such discount or premium may be amortized over the remaining life of the securities by periodical debits or credits to the account in which the cost of the securities is recorded with corresponding credits to account No. 410, "Other income" or debits to account No. 420, "Other income charges", as appropriate. If the annual amount to be amortized does not exceed \$1,000 the carrier may write off the total discount or premium at one time.

No amortization entries shall be recorded in respect of discount on securities held as investments unless there is reason to believe the securities will be disposed of at a sum equal to par, or par will be collected at maturity.

(B) With respect to the accounting company's investment in securities issued or assumed by companies deemed to be a part of the oil transportation system, the accounting company shall be governed by recognized accounting principles in writing down the ledger value of such securities, to reflect anticipated loss in value, or may write them off entirely if there is no reasonable prospect of realizing any value whatever therefrom. Fluctuations in market value should not be recorded. Where adjustments in the ledger values of securities should be made, such adjustments should not be delayed beyond the year after that in which the loss was incurred and, where possible, the losses should be taken up in the same year. In accordance with paragraph (D) carriers may create allowances for the decrease in value from income or retained earnings to cover such reductions in value.

(C) The amount of the adjustment to the investment in a controlled company (as defined under section 18) considered to be a part of the oil transportation system shall be charged to account No. 415, "Separately operated properties—loss" or if the amount of the adjustment is unusually large, after obtaining the approval of the Board of Transport Commissioners, the adjustment will be charged to account No. 317, "Other charges".

When losses have previously been provided for in the manner prescribed in the previous paragraph and such losses are subsequently reduced by profitable years, then the carrier shall adjust the charges of previous years by taking into income, the corresponding credits in respect to the profits earned. Such profit shall be credited to account No. 404, "Separately operated properties—profit" or account No. 306, "Other credits" as may be appropriate.

(D) Carriers may provide for decrease in the value of securities owned and recorded in account No. 2, "Temporary cash investments", account No. 20, "Investments in affiliated companies" or account No. 21, "Other investments" (see account No. 74, "Provision for valuation of investments").

14. Securities Issued.

For purposes of these regulations premium is the excess value of the consideration received from the issue or resale of securities over the par or stated value of the securities; discount is the excess of the par or stated value over the value of the consideration; commissions comprise amounts paid to underwriters, brokers, salesmen and agents for marketing securities. Payments for interest or dividends accrued are not to be included as part of either premium or discount. Separate ledger accounts shall be maintained for each class or subclass of securities such as stocks, bonds or notes, with respect to which the issue or resale is at a premium or discount. Except as otherwise provided in property account Nos. 119, 169 or 189, "Interest during construction", as applicable, no discount or commissions in respect of funded debt shall be charged to or included in any account as part of the cost of acquiring property, tangible or intangible, or as a part of the cost of operation. Premiums on capital stock shall be entered in account No. 91, "Contributed surplus".

Discounts and premiums on funded debt and fees and commissions paid to underwriters and brokers for marketing such evidences of debt shall be netted in account No. 41, "Unamortized discount and expense on funded debt" or account No. 76, "Unamortized premium on funded debt", as applicable. The cost of soliciting for loans or for the sale of bonds or other evidences of indebtedness shall be charged to account No. 41, "Unamortized discount and expense on funded debt" or to account No. 317, "Other charges". If the amount chargeable to account No. 317, "Other charges" is not material in relation to net income or is less than the maximum referred to below, then such amount may be charged to account No. 420, "Other income charges".

Each fiscal period there shall be charged to income account No. 418, "Amortization of discount on funded debt", and credited to account No. 41, "Unamortized discount and expense on funded debt", a proportion (based upon the ratio of such fiscal period to the remaining life of the respective securities reckoned from the beginning of the period to the date of maturity of the debt to which the charges relate) of each of the debit balances included in the latter account, and correspondingly there shall be credited to income account No. 408, "Release of premium on funded debt", and debited to account No. 76, "Unamortized premium on funded debt", a similar proportion of each of the credit balances included in the latter account. When the total discount and commissions or premiums less commissions applicable to any particular issue of

securities does not exceed \$25,000, the carrier may charge the entire amount to account No. 418, "Amortization of discount on funded debt", or credit to account No. 408, "Release of premium on funded debt", as applicable, at time of issue.

When any funded debt is redeemed, otherwise than by refunding, by the accounting company before the original maturity date of the issue, that proportion of the balance remaining in the accounts containing discounts, expenses and premiums on funded debt for the subclass of the security redeemed applicable to the proportion redeemed shall be credited or charged thereto, as may be appropriate, and concurrently charged or credited to income accounts in the year of such redemption. If the amount is so material that its inclusion would unduly distort the income results for the period, it shall be charged or credited to retained earnings accounts.

Where any funded debt is refunded by the accounting company before the original maturity date of the issue, that proportion of the balance remaining in the accounts containing discounts, expense and premiums on funded debt for the subclass of the security refunded applicable to the portion refunded shall be credited or charged thereto, as may be appropriate. The amount shall be concurrently charged or credited to income accounts either in the year of refunding, or over a period not exceeding the remainder of the original life of the issue retired, unless the amount is so material that its inclusion would unduly distort the income results for the period in which case it shall be charged or credited to retained earnings accounts.

15. Current Assets and Liabilities.

The accounts for current assets and current liabilities represent the accounting company's working capital elements and are comprised of amounts available for payment of current liabilities and amounts chargeable against current resources. Although not available for payment of current liabilities, material and supplies are also to be included as current assets because they constitute an indispensable part of working capital. The need for material in impending maintenance work, and the availability of supplies for consumption in rendering transportation services cannot be ignored in any appraisal of a carrier's financial capacity as a going concern. Obsolete repair parts and supplies for which there is no foreseeable use are not current assets unless carried at their scrap value.

Current assets shall include only amounts the collection of which is reasonably anticipated within one year in the normal course of business and such other assets as may properly be classified as current assets in accordance with generally accepted accounting practice. Items of current character but of doubtful value, previously credited to revenue, expense, or income accounts, shall be written down or written off by debit to the account or accounts previously credited, except that uncollectible accounts receivable shall be charged to bad debts.

16. Accrued Assets and Liabilities.

If the effect of any transaction upon income of the month in which it occurs cannot be determined before the month's accounts are closed, the estimated asset or liability resulting therefrom shall be credited or charged to the appropriate balance sheet, revenue, expense, or income account according to the nature of the transaction. Carriers shall indicate in their annual report to the Board of Transport Commissioners any material change in practice of accounting for accruals. Carriers are not required to anticipate items which would not appreciably affect the accounts.

When an accrued asset or liability is finally determined, the estimate shall be adjusted through the respective accounts originally credited or debited. At any time, if a substantial error is found in an initial estimate of this sort, it shall be adjusted currently through the same accounts.

Adjustments arising during the current year which are applicable to prior years, shall be included in the same account which would have been charged or credited if the item had been taken up or adjusted in the year to which it pertained. When the amount of the adjustment is so material that its inclusion in the appropriate account for the current year would seriously distort the revenues, expenses or income of the current year, the amount of the delayed item may be credited to "Retained Earnings" account No. 306, "Other credits", or charged to account No. 317, "Other charges", as may be appropriate.

When the amount of the adjustment is relatively so material that its inclusion in the accounts for a single month will seriously distort those accounts, it may be distributed in equal monthly charges or credits to the remaining months of the calendar year.

17. Contingent Assets and Liabilities.

Contingent assets and liabilities shall not be included in the body of the balance sheet statement but shall be shown in detail in a supplementary statement. Contingent assets are those without known value to the accounting company until the fulfillment of conditions regarded as uncertain. Contingent liabilities are those which may under certain conditions become obligations of the company but are neither direct nor assumed obligations on the date of the balance sheet.

The par value of securities, or the total amount of other obligations, for which a carrier with others is jointly and severally liable shall be stated as a liability only in such amount as was not primarily assumed by others party to the issuing agreement under the terms thereof. The amount by which such par value or total amount exceeds the liability, so stated or subsequently established according to the agreement, shall be shown as a contingent liability.

18. Affiliated Companies.

The term affiliated companies used in this classification of accounts includes subsidiary companies and holding companies.

- (1) For the purposes of this classification, a company shall be deemed to be a subsidiary of another company if,
 - (a) it is controlled by,
 - (i) that other company, or
 - (ii) that other company and one or more companies each of which is controlled by that other company, or
 - (iii) two or more companies each of which is controlled by that other company; or
 - (b) it is a subsidiary of a company which is that other company's subsidiary.
- (2) For the purposes of this classification, one company shall be deemed to be affiliated to another company if one of them is the subsidiary of the other or both are subsidiaries of the same company or each of them is controlled by the same person.
- (3) For the purposes of this classification, a company shall be deemed to be another's holding company if that other is its subsidiary.

- (4) For the purposes of this classification, a company shall be deemed to be controlled by another company or person or by two or more companies if
- (a) shares of the first-mentioned company carrying more than 50% of the votes for the election of directors are held, otherwise than by way of securities only, by or for the benefit of such other company or person or by or for the benefit of such other companies; and
 - (b) the votes carried by such shares are sufficient, if exercised, to elect a majority of the board of directors of the first-mentioned company.

19. Allowance Oil Accounting.

There shall be recorded in the accounts of the carrier amounts earned as a result of its tariff relating to oil allowances covering loss due to shrinkage, etc. Such oil allowances shall be valued at not more than market value and included in account No. 8, "Oil inventory" and concurrently shall be credited to account No. 505, "Allowance oil revenue".

Gains in oil allowances resulting from pumpings, temperature corrections, etc., shall be charged to account No. 8, "Oil inventory" and credited to account No. 505, "Allowance oil revenue". Conversely shortages in oil allowances shall be charged to account No. 505, "Allowance oil revenue" and credited to account No. 8, "Oil inventory". If, at balance sheet date, the debits to account No. 505, "Allowance oil revenue" exceed the credits, the net debits should be charged to account No. 627, "Oil loss".

When the operations of the carrier have consumed oil which has been charged to account No. 8, "Oil inventory", this account shall be credited and account No. 623, "Operation of pumping stations" shall be charged with the oil at the value of the inventory of oil carried in account No. 8, "Oil inventory". Oil lost through line breaks shall be charged to account No. 627, "Oil loss" and credited to account No. 8, "Oil inventory" and purchases to replenish shortages or losses shall be charged to account No. 8, "Oil inventory". Oil losses due to extraordinary circumstances shall be charged to account No. 639, "Extraordinary losses" and credited to account No. 8, "Oil inventory".

Sales of allowance oil shall be credited to account No. 8, "Oil inventory". Adjustments for the difference between the value at which the oil is carried in inventory and the selling price shall be charged or credited to account No. 505, "Allowance oil revenue". If the sale were made from oil carried in account No. 33, "Operating oil supply", then this account shall replace account No. 8, "Oil inventory".

When the carrier intends to retain overages of allowance oil to provide an operating oil supply, then account No. 33, "Operating oil supply" shall be charged and account No. 8, "Oil inventory" credited with the value of the oil retained and priced at the value at which it is carried in inventory.

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TEXT PERTAINING TO BALANCE SHEET ACCOUNTS

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CURRENT.

1. Cash.

This account shall include commercial bank accounts available for general chequing purposes, as distinguished from bank accounts provided for special purposes, such as special deposits. It shall also include petty cash funds and funds received by the carrier recorded as cash receipts which are undeposited at the close of the accounting period.

2. Temporary Cash Investments.

This account shall include the cost of securities and other collectible obligations acquired for the purpose of temporarily investing cash, such as time drafts receivable, demand loans, time loans, and other similar investments of a temporary character.

This account shall also include the ledger value of the carrier's investment in marketable securities issued by governments, non-affiliated companies and individuals which are capable of reasonably prompt liquidation and which represent temporary investment of surplus funds.

NOTE—The value of the carrier's investment in securities and other collectible obligations which are not readily realizable shall be included in account No. 21, "Other investments".

3. Special Deposits.

This account shall include the unexpended balances in funds deposited specifically for the payment of dividends, interest, and other current liabilities, also other deposits subject to current withdrawal for specific purposes only, including amounts deposited with airlines, utilities, unemployment insurance commissions, etc.

NOTE—Deposits available for general company purposes shall be included in account No. 1, "Cash".

4. Revenue Receivable.

This account shall include the amounts receivable from the transportation and storage of oil and oil products.

5. Accounts Receivable.

This account shall include amounts due in accounts considered collectible, such as those due from agents, corporations, firms and individuals, advances to agents, officers and employees as working funds, and other similar items.

This account shall also include the book value of all collectible obligations in the form of notes receivable, or other similar evidences (except interest coupons) of money receivable within a time not exceeding one year from date of issue. (See general instructions, section 15.)

NOTE A—Accounts with affiliated companies which are subject to current settlement and the collection of which is reasonably assured shall be charged to this account. (See account No. 20, "Investments in affiliated companies".)

NOTE B—Obligations held as investments which mature more than one year after date of issue shall be included in account No. 20, "Investments in affiliated companies", or No. 21, "Other investments", as may be appropriate.

NOTE C—Loans and notes receivable acquired for the purpose of temporarily investing cash shall be included in account No. 2, "Temporary cash investments".

6. Interest and Dividends Receivable.

This account shall include the amount of interest accrued to the date of the balance sheet on bonds owned and on loans made and the amount of dividends declared on stocks owned.

NOTE—No dividends or other returns on securities issued or assumed by the accounting company shall be included in this account.

7. Material and Supplies.

This account shall include the balances representing the ledger value of all unapplied material, such as shop material, articles in process of fabrication by the accounting company, fuel oil, pipe line and other supplies.

Material and supplies purchased shall be charged to this account at the actual cash cost of the material and supplies at point of free delivery plus any transportation charges, ad valorem taxes, etc. In determining the cost of material and supplies suitable allowance shall be made for all discounts allowed in the purchase thereof.

Material recovered in connection with maintenance work or the demolishing of carrier property and classified as reusable shall be charged to this account on the basis of its fair and reasonable value and credited to the appropriate account. If the material is reconditioned the cost of reconditioning shall be considered in valuing the material recovered.

Material recovered in connection with maintenance work or the replacement or demolition of carrier property and classified as scrap shall be charged to this account on the basis of the fair and reasonable value of scrap material. When scrap material is sold at a higher or lower price than that at which it is included in this account, so far as practicable, an appropriate adjustment shall be made in the accounts which were credited when the material was recovered and taken into the material and supplies account. Where the proceeds from disposal of scrap from demolition of depreciable carrier property are material, such proceeds shall be credited to account No. 31, "Accumulated depreciation—carrier property".

NOTE A—Interest paid on material bills the payments of which are delayed shall be charged to account No. 417, "Interest on unfunded debt".

NOTE B—Oil owned by the carrier, other than that used to maintain lines and storage tanks in condition for the transportation of commercial oil, shall be included in account No. 8, "Oil inventory". Oil owned by the carrier and used to maintain lines and storage tanks in condition for the transportation of commercial oil shall be included in account No. 33, "Operating oil supply".

NOTE C—Material acquired and held in anticipation of an indefinite future use shall be included in account No. 34, "Non-carrier property".

8. Oil Inventory.

This account shall include the balances representing the value of oil owned by the carrier other than that used to maintain lines and storage tanks

in condition for the transportation of commercial oil. Such oil stock shall be valued at not more than the market value at balance sheet date. (See general instructions, section 19.)

NOTE—Oil owned by the carrier and used to maintain lines and storage tanks in condition for the transportation of commercial oil shall be included in account No. 33 "Operating oil supply".

12. Other Current Assets.

This account shall include estimates of unbilled current asset items and all other current asset items not includible elsewhere.

15. Prepaid Expenses.

This account shall include the balances in the accounts representing prepaid rents chargeable to the appropriate rent accounts as the term is consumed for which the rents are paid; also interest paid in advance, insurance premiums and taxes paid in advance of their accrual, which are to be apportioned and charged as they accrue to the appropriate accounts.

NOTE—Lump sum payments in respect of assessments by governmental authority to cover the cost of constructing public improvements shall be included in account No. 43, "Public improvements".

INVESTMENTS.

20. Investments in Affiliated Companies.

This account shall include the ledger value of the accounting company's investment in securities issued or assumed by affiliated companies, also investment advances made to such affiliated companies. (See general instructions, sections 13 and 18.)

This account shall be maintained in such manner as to show the following classes of investment in each affiliated company:

- (a) Stocks
- (b) Bonds
- (c) Other secured obligations
- (d) Unsecured notes
- (e) Investment advances

If any securities classified herein are pledged, a complete record thereof shall be maintained so that the ledger value of securities pledged and unpledged may be shown separately in the annual report to the Board of Transport Commissioners.

NOTE—Accounts with affiliated companies which are subject to current settlement, if their collection is reasonably assured, shall be classed as current assets, but if settlement is deferred beyond one year such items shall be transferred to account No. 45, "Other deferred debits".

21. Other Investments.

This account shall include the ledger value of the accounting company's investment in securities issued or assumed by non-affiliated companies, other than securities held in special deposits or special funds; also investment advances made to such non-affiliated companies and individuals. (See general instructions, section 13.)

This account shall be maintained in such a manner as to show the following classes of investment in each non-affiliated company:

- (a) Stocks
- (b) Bonds
- (c) Other secured obligations
- (d) Unsecured notes
- (e) Investment advances

If any securities classified herein are pledged a complete record thereof shall be maintained so that the ledger value of securities pledged and unpledged may be shown separately in the annual report to the Board of Transport Commissioners.

NOTE A—Accounts with non-affiliated companies which are subject to current settlement, if their collection is reasonably assured, shall be classed as current assets and included in account No. 2, "Temporary cash investments", but if settlement is deferred beyond one year such items shall be transferred to account No. 45, "Other deferred debits".

NOTE B—The term non-affiliated companies includes all companies other than those defined as affiliated. (See general instructions, section 18.)

NOTE C—The value of securities pledged for purposes other than that of security for funded debt or short term loans shall be included in account No. 22, "Capital and other reserve funds", or account No. 23, "Insurance and other funds", as may be appropriate.

22. Capital and Other Reserve Funds.

This account shall include cash and the ledger value of other assets held by trustees or by the accounting company's treasurer when segregated in distinct funds and have been:

- (1) realized from the sale of long term obligations and not yet applied toward the specific purposes for which the obligations were incurred and,
- (2) set aside in accordance with governmental, funded debt, or contractual requirements in connection with reorganizations or otherwise. This account shall also include funds deposited with trustees to be held until mortgaged property sold is replaced.

An appropriate record shall be maintained for securities issued or assumed by the accounting company and held in such funds.

NOTE—The ledger value of assets of the character indicated in paragraph (2) above, shall be transferred to the appropriate current asset account when the assets are definitely assigned in advance of expenditure to the payment of interest or other current liabilities payable within one year.

23. Insurance and Other Funds.

This account shall include the amount of cash and the ledger value of securities of other companies and other assets which are in the hands of trustees or managers of insurance, employees' pension, savings, relief, hospital and other funds which have been raised and specifically set aside or invested for specific purposes not provided for elsewhere. A separate account shall be kept for each fund. (See general instructions, sections 11 and 12.)

NOTE—This account shall not include funds held by the accounting company solely as trustee and in which it has no beneficial interest.

24. Company Funded Debt Owned.

This account shall include the ledger value of funded debt of the accounting company acquired by the carrier and not yet cancelled, other than such

funded debt of the accounting company held in insurance or other special funds.

This account shall show:

- (a) total par value unpledged
- (b) total par value pledged

NOTE—The amount of funded debt owned by the accounting company shall, for purposes of balance sheet presentation, be deducted from the amount of outstanding funded debt included in account No. 57, "Funded debt due within one year", or account No. 80, "Funded debt", as applicable.

FIXED.

30. Carrier Property.

This account shall include the accounting company's investment in property (including that held under contract for purchase), used or held for use under a definite plan for pipe line operations, in existence at the date of the balance sheet.

When property is retired from service, this account shall be credited with the ledger value of the property retired. (See general instructions, section 8.)

NOTE A—When any carrier property is acquired under an agreement which provides that the cost shall be paid in instalments, the cost (its money value at time of purchase) shall be charged to the appropriate property accounts at the time it is delivered to the carrier and included in this account in the same manner as the cost of property purchased outright. When the par value of notes or other securities issued in payment, or in part payment for such property is more (or less) than its actual cash value at the time of the purchase, or of the proportion to which the securities are applicable, the difference between the par value of the securities and the actual cash value of the property, or of the proportion paid for by the securities, shall be charged (or credited) to the proper discount and premium accounts.

NOTE B—"Held for use under a definite plan for pipe line operations" referred to above, implies the ability of the carrier to substantiate by plans or policy its characterization of the probable future use which is to be made of the property within a reasonable period of time.

31. Accumulated Depreciation—Carrier Property.

This account shall be credited with amounts of depreciation concurrently charged to account No. 414, "Depreciation", to cover the loss in service value of depreciable property the cost of which is included in account No. 30, "Carrier property". It shall also be credited with any amounts the carrier may be authorized to charge to account No. 317, "Other charges" in respect of past accumulated depreciation not provided for.

At the time of retirement of depreciable carrier property this account shall be charged with the service value of the property retired. (See general instructions, section 8.)

This account shall also be credited with amounts chargeable to account No. 313, "Loss from sale and retirement of property". (See general instructions, section 8 "Extraordinary retirements".)

For corporate ledger and balance sheet purposes this account shall be regarded and treated as a composite provision. However, for purposes of analysis, the carrier shall maintain subsidiary records in which the accumulated depreciation is broken down into component parts corresponding to the primary pipe line accounts which include depreciable carrier property, showing in detail the current debits and credits. (See general instructions, section 9 (E).)

32. Accumulated Amortization—Carrier Property.

This account shall be credited with amounts concurrently charged to account No. 414, "Depreciation", when the carrier is authorized by the Board of Transport Commissioners to extinguish amounts carried in account No. 30, "Carrier property", relating to probable abandonment of all or part of carrier property or severe permanent curtailment in operations due to exhaustion of, or significant reduction in, particular sources of traffic, which can be demonstrated to the satisfaction of the Board of Transport Commissioners. Where a change from depreciation accounting to amortization accounting is authorized by the Board, the balance in account No. 31, "Accumulated depreciation—carrier property", shall be transferred to this account.

This account shall be charged at the time of retirement with the service value of the property retired and the difference between the accumulated amortization and the service value in respect of such property retired shall be credited or charged, as the case may be, to account Nos. 616, 666 or 766, "Amortization adjustment", as applicable. Where the retirement results in an extraordinary profit or loss, this amount shall be charged or credited to account No. 303, "Profit from sale of property", or account No. 313, "Loss from sale and retirement of property", as applicable.

It is not required that balances in this account shall be broken down into component parts corresponding to the primary property accounts.

33. Operating Oil Supply.

This account shall include the cost of oil owned by the carrier and used to maintain lines and storage tanks in condition for the transportation of commercial oil. (See general instructions, section 19.)

NOTE—Oil owned by the carrier other than that used to maintain lines and storage tanks in condition for the transportation of commercial oil shall be included in account No. 8, "Oil inventory".

34. Non-Carrier Property.

This account shall include the accounting company's investment in property other than carrier property assignable to account No. 30, "Carrier property", which is entirely distinct from carrier property and is not operated in connection with the pipe line service of the carrier.

When property is retired from service, this account shall be credited with the ledger value of the property retired. (See general instructions, section 8.)

List of Items

(See general instructions, section 4.)

Commercial power plants

Lands and buildings not used in pipe line service

Lands and property acquired and held in anticipation of an indefinite future use

Mineral and timber lands

Pipe line facilities leased to others on long term lease

35. Accumulated Depreciation—Non-Carrier Property.

This account shall be credited with amounts of depreciation charged to account No. 412, "Non-carrier expenses" to cover loss in service value of depreciable property, the cost of which is included in account No. 34, "Non-carrier property". It shall also be credited with any amounts the carrier may

be authorized to charge to account No. 317, "Other charges" in respect of past accumulated depreciation not provided for.

At the time of retirement of depreciable non-carrier property this account shall be charged with the service value of the property retired. (See general instructions, section 8.)

36. Improvements to Leased Facilities.

This account shall include the cost of improvements made by the accounting company to leased facilities, where such improvements are used in transportation and the lessee is not to be reimbursed by the lessor for such improvements. Where the improvements made by the lessee are not likely to be refunded by the lessor, nor does it appear probable that the property will be returned to the lessor, the cost of such improvements shall also be included in this account.

When the cost of improvements made by the lessee is to be refunded by the lessor during the term of the lease agreement or at the termination thereof, the lessee, pending settlement with the lessor, shall include the cost thereof in account No. 20, "Investments in affiliated companies", or account No. 21, "Other investments", as may be appropriate, and the lessor company shall include concurrently the cost of such improvements in account No. 30, "Carrier property", or account No. 34, "Non-carrier property".

When leased facilities are retired from service this account shall be credited with the ledger value of any improvements thereto, the cost of which has been included in this account; also for leased facilities retired (where the lessee is not obligated to reimburse the lessor), with the ledger value of any facilities retired that have been used in transportation service and were held under lease.

The carrier's records shall be kept in such a manner as to show the debits and credits to this account.

37. Accumulated Amortization—Improvements to Leased Facilities.

This account shall be credited with amounts written off and concurrently charged to account No. 414, "Depreciation", in respect of improvements to leased facilities, the cost of which are included in account No. 36, "Improvements to leased facilities".

DEFERRED DEBITS.

41. Unamortized Discount and Expense on Funded Debt.

This account shall include the total of the net debit balances in the discount, expenses of issue and premium accounts for the several subclasses of funded debt. (See general instructions, section 14.)

42. Organization Expenses.

This account shall include all fees paid to governments for the privilege of incorporation, other expenditures incident to organizing the corporation and putting it in readiness to do business, special counsel fees, cost of procuring the necessary certificate from governmental authorities, and other like costs.

This account shall be credited with amounts concurrently charged to account No. 317, "Other charges" or account No. 420, "Other income charges" to provide for the write off of amounts included in this account.

NOTE A—The cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock, cash fees and the actual cash value (at the time of organization) of securities paid to promoters for their services in organizing the enterprise, and the cost of preparing and issuing certificates of stock shall be charged to account No. 317, "Other charges" or if immaterial to account No. 420, "Other income charges".

NOTE B—When a prospectus covers issues of both funded debt and capital stock, that portion of the total expenses assignable to each, shall be calculated using the ratio that the proceeds of funded debt or capital stock bear to the total proceeds.

43. Public Improvements.

This account shall include the deferred portion of assessments by governmental authority (by mutual agreement or otherwise) to cover the cost of constructing public improvements, when the carrier has elected to make payment by lump sum and not by instalments over a number of years. This account shall also include the cost borne by the carrier of public improvements constructed by it under governmental requirements.

Amounts which are no longer deferred shall be charged to account Nos. 642, 692 or 792, "Other taxes", as applicable.

Items of Public Improvements

(See general instructions, section 4.)

Cost of land outside carrier's right of way to provide for the relocation of street or highway	Grading street and highway
Curbing street and highway	Guttering street and highway
Damage to property of others when incidental to highway construction	Irrigation system
Drainage system	Levee
Engineering—when such costs apply to items chargeable to this account	Paving street and highway
Flood protection	Sewer system
	Sidewalk
	Street lighting system
	Water works

NOTE A—Where the carrier pays the assessment by instalments over a number of years, such payments shall be charged to account Nos. 642, 692 or 792, "Other taxes", as applicable, in the year in which they are made.

NOTE B—The cost to the carrier of maintaining public improvements shall be included in expenses.

NOTE C—Interest and penalties imposed, on basis of monthly or annual percentage rates, for failure to pay assessments within the allotted time, shall be charged to account No. 417, "Interest on unfunded debt".

45. Other Deferred Debits.

This account shall include the amount of debit balances in suspense accounts that cannot be cleared and disposed of until additional information is received, such as debit balances in clearing accounts not distributed at the end of the accounting period, unextinguished discount on short term notes issued by the carrier, deferred debit items not otherwise provided for and similar items the proper disposition of which is uncertain.

NOTE—Accounts with affiliated companies which are subject to current settlement shall, if their collection is reasonably assured, be classed as current assets and included in account No. 5, "Accounts receivable".

LIABILITIES

CURRENT.

50. Loans and Notes Payable.

This account shall include the balances representing obligations outstanding in the form of loans and notes payable or other similar evidences of indebtedness payable on demand or within a time not exceeding one year from date of balance sheet.

This account shall be kept in such form so as to show separately the amounts of indebtedness secured by collateral.

NOTE—Obligations payable at a time exceeding one year from date of balance sheet shall be included in account No. 80, "Funded debt".

51. Joint Revenue Payable.

This account shall include the revenue from the transportation of oil and oil products which is payable to companies parties to joint tariffs.

52. Accounts Payable and Accrued.

This account shall include the amount of audited vouchers and payrolls or accounts unpaid on the date of the balance sheet, outstanding drafts drawn by agents, rents under leases or agreements, accounts of affiliated companies subject to current settlement, taxes collected from employees and others for the account of taxing agencies, and other items of the nature of demand liabilities not covered by account No. 50, "Loans and notes payable", No. 51, "Joint revenue payable", No. 54, "Interest payable and accrued" and No. 60, "Other current liabilities".

This account shall also include estimates of all unbilled items payable by the carrier to the date of the balance sheet, including those which are chargeable to revenue, expense or income accounts in accordance with general instructions, sections 15 and 16.

Examples, without limitation, of items to be accrued:

Rents payable under leases due subsequent to the date of the balance sheet. Amounts payable to others for use of facilities, including equipment for which bills have not been rendered.

Amounts payable to others for services for which bills have not been rendered.

NOTE—This account shall not include the carrier's estimate of liability in respect of injuries to persons and loss and damage claims. Such estimated liability shall be credited to account No. 60, "Other current liabilities" or account No. 78, "Other deferred credits", as applicable.

54. Interest Payable and Accrued.

This account shall be credited with interest due or accrued to the close of the accounting period on notes payable, bank overdrafts and loans, funded debt and other obligations for which provision has been made for current settlement.

Interest on funded debt shall be charged to account No. 416, "Interest on funded debt" and all other interest expense shall be charged to account No. 417, "Interest on unfunded debt".

NOTE—Interest matured unpaid and/or accrued on advances from affiliated companies, if not subject to current settlement, shall be included in account No. 85, "Amounts payable to affiliated companies".

55. Dividends Payable.

This account shall include dividends declared on capital stock but unpaid or unclaimed at the date of the balance sheet.

NOTE—This account shall not include the amount of dividends paid over to the carrier's transfer agent or dividend disbursing agent and remaining in hands of the agent as unpaid or unclaimed.

56. Taxes Accrued.

This account shall be credited with the accruals of all taxes which are payable to federal, provincial or other governmental authorities. Such accruals may be based upon estimates, provided such estimates shall be adjusted so as to reflect in this account at all times the carrier's estimate of its unpaid liability for each of the several classes of taxes which have not been finally settled.

All tax payments for which accruals have been made shall be charged to this account.

The records supporting the entries in this account shall be kept to show separately by classes of taxes the amount of the tax accruals for the current year and adjustments of accruals for prior years.

NOTE—The difference between taxes on income as computed on the basis of recorded depreciation and tax based on capital cost allowance shall not be included in this account but in account No. 71, "Accumulated tax reductions applicable to future years". Where a company does not follow this method of accounting for tax reductions applicable to future years, it shall show the amount of such tax reductions in the annual report to the Board of Transport Commissioners.

57. Funded Debt Due Within One Year.

This account shall include the principal amount and premium of unrepresented bonds drawn for redemption through the operation of sinking and redemption fund agreements, also the principal amount of unrepresented funded debt obligations which have matured and for which provision has been made for current settlement.

This account may also include, at the option of the carrier, the principal amount of funded debt obligations maturing within one year.

NOTE A—This account shall not include the amount of unrepresented bonds or interest coupons paid over to the bondholder's trustee or agent and remaining in the hands of the trustee or agent as unpaid or unclaimed.

NOTE B—The amount of funded debt owned by the accounting company shall, for purposes of balance sheet presentation, be deducted from the amount of outstanding funded debt maturing within one year and included in this account. If funded debt owned by the company is not required for current redemption, it shall be shown as a reduction of account No. 80, "Funded debt".

NOTE C—Obligations payable at a time exceeding one year from date of balance sheet shall be included in account No. 80, "Funded debt" or account No. 85, "Amounts payable to affiliated companies", as applicable.

60. Other Current Liabilities.

This account shall include all other current liabilities, including contractors' holdbacks, not provided for elsewhere.

NOTE—Where a carrier makes regular provision in its accounts for possible injuries to persons and other casualties, the carrier shall transfer definite liabilities for unpaid claims in process of settlement at the year end from the reserve to this account.

DEFERRED CREDITS AND RESERVES.

70. Welfare and Pension Appropriations.

This account shall include the credit balances representing the liability of the carrier for amounts provided by charges to expenses or by specific appropriations of income or retained earnings including amounts contributed by employees, irrespective of whether carried in special funds or in general funds of the carrier, for pensions, accident and death benefits, savings, relief, hospital, or other provident purposes. (See general instructions, section 12.)

This account shall also include the credit balances representing the liability of the carrier for amounts provided by charges to expenses in respect of deferred compensation under an employees' profit sharing scheme.

Separate sub-accounts shall be kept for each kind of appropriation created. The payments disbursed, for which appropriation has been provided shall be charged to this account, and the balance of such disbursements to account Nos. 635, 685 or 785, "Pensions and employee welfare expense", or 634, 684 or 784, "Injuries to persons", as applicable.

NOTE A—Where a carrier makes regular provision in its accounts for possible injuries to persons and other casualties, the carrier shall transfer definite liabilities for unpaid claims in process of settlement at the year end from this account to account No. 60, "Other current liabilities".

NOTE B—Current amounts payable relative to funded plans carried with insurance companies or trustees shall be transferred to account No. 52, "Accounts payable and accrued".

71. Accumulated Tax Reductions Applicable to Future Years.

This account shall include the amounts of differences between the provisions made for taxes on income, as computed on the basis of recorded depreciation, and the estimate of income taxes payable as computed on the basis of capital cost allowance claimed for income tax purposes.

NOTE—Where a company does not follow this method of accounting for tax reductions applicable to future years, it shall show the amount of such tax reductions in the annual report to the Board of Transport Commissioners.

72. Insurance Reserves.

This account shall include the credit balance in the accounts to which are credited insurance appropriations concurrently charged to expenses to cover self-carried risks on fire, fidelity, vehicle, boiler, casualty, burglary, and other insurance, and reinsurance recoveries from insurance companies. (See general instructions, sections 11 and 12.)

To the extent that losses and damages sustained are covered by this account, an amount equal thereto shall be charged to this account and credited to the accounts to which the losses and damages were charged.

73. Equalization Reserves.

This account shall include ledger balances representing reserves created by charges to operating expenses for maintenance in accordance with section 10 of the general instructions. The debit or credit balances in this account shall be closed at the end of each calendar year to the accounts through which they were created.

74. Provision for Valuation of Investments.

This account shall include the total of balances maintained by the accounting company for the purpose of providing for reduction in values of securities carried in account No. 2, "Temporary cash investments", account No. 20, "Investments in affiliated companies" and account No. 21, "Other investments".

Corresponding charges relative to the reduction in value of investments carried in account No. 2, "Temporary cash investments" shall be made to account No. 406, "Income from investments". Corresponding charges relative to the reduction in value of investments carried in account No. 20, "Investments in affiliated companies" or account No. 21, "Other investments" shall be made in account No. 415, "Separately operated properties—loss".

Charges to this account representing reductions in the allowance for valuation of investments carried in account No. 2, "Temporary cash investments" shall be concurrently credited to account No. 406, "Income from investments". Charges to this account representing reductions in allowance for valuation of investments carried in account No. 20, "Investments in affiliated companies" and account No. 21, "Other investments" shall be concurrently credited to account No. 404, "Separately operated properties—profit".

75. Allowance for Doubtful Accounts.

This account shall include the total of the balances maintained by the accounting company for the purpose of providing for reductions in the value of current assets recorded in account No. 4, "Revenue receivable", account No. 5, "Accounts receivable", or account No. 12, "Other current assets". Corresponding charges shall be made to account Nos. 643, 693 or 793, "Bad debts", as applicable.

76. Unamortized Premium on Funded Debt.

This account shall include the total of the net credit balances in the discount, commission, expenses of issue and premium accounts for the several subclasses of funded debt. (See general instructions, section 14.)

78. Other Deferred Credits.

This account shall include the amount of all deferred credits not provided for elsewhere, such as working fund advances from other companies and deposits (subject to refund) by employees to assure the return of company property.

This account shall also include the amount of credit balances in suspense accounts that cannot be cleared and disposed of until additional information is received, such as accident repairs not completed, uncompleted accounts for property retired, credit balances in clearing accounts and deferred credit items not otherwise provided for the proper disposition of which is uncertain.

LONG TERM DEBT.

80. Funded Debt.

There shall be included in this account the total par value of unmatured debt, maturing more than one year from date of balance sheet, issued by the accounting company and not retired or cancelled, and the total par value of similar unmatured debt of other companies, the payment of which has been assumed by the accounting company.

The amounts included in this account shall be divided so as to show the par value of (1) certificates or other evidences of funded debt (pledged and unpledged) held in the company's treasury, by its agents or trustees, or otherwise subject to its control, and (2) certificates or other evidences of funded debt issued and outstanding, being those not held by the company, its agents or trustees, or subject to its control.

The amounts included herein shall be further divided so as to show the amount of each class of funded debt, as follows:

- (a) Mortgage Bonds—Bonds secured by lien on physical property and not includible in the other subdivisions of this account.
- (b) Collateral Trust Bonds—Bonds and notes secured by a lien on securities or other negotiable paper; and stock trust certificates that are similar in character to collateral trust bonds.
- (c) Income Bonds—Bonds which are a lien on a carrier's revenue alone, or bonds which, while being a lien on its property and franchises, can claim payments of interest only if interest is earned.
- (d) Receipts Outstanding for Funded Debt—Receipts for payments on account of funded debt. When certificates are issued for amounts so paid, the par value shall be included in the account covering the class of funded debt for which the certificates are issued.
- (e) Convertible Bonds—Bonds which may be converted into capital stock of the company, according to the agreement under which they are issued.
- (f) Miscellaneous Obligations—All funded obligations not provided for by the other subdivisions of this account, also notes, unsecured certificates of indebtedness, debenture bonds, plain bonds, real estate mortgages executed or assumed and other similar obligations maturing more than one year from date of balance sheet.

Each of the above classes shall also be divided into subclasses according to differences in mortgage or other lien or security therefor, rate of interest, interest dates, or date of maturity. Parts of any issue agreeing in other characteristics but maturing serially may be treated as of the same subclass.

NOTE A—Securities maturing one year or less from date of balance sheet shall be included in account No. 57, "Funded debt due within one year", except that where an issue of securities maturing serially over a period of years contains short term obligations, such obligations may be included as funded debt. Matured funded debt shall be included in account No. 57, "Funded debt due within one year" if provision has been made for current settlement. If no provision has been made for current settlement and the collection of matured funded debt of affiliated companies is not enforced by controlling companies, the principal amount (to the extent held by a controlling company) shall be included in account No. 85, "Amounts payable to affiliated companies".

NOTE B—Non-negotiable notes having a maturity of more than one year after date of balance sheet, held by affiliated companies, shall be included in account No. 85, "Amounts payable to affiliated companies".

NOTE C—The total of the amounts included in this account which are payable within one year from the date of the balance sheet shall be indicated either on the balance sheet or by a footnote or schedule thereto.

NOTE D—Funded debt securities are considered to be issued when they have been sold to a bona fide purchaser for valuable consideration, and such purchaser holds them free from all control by the accounting company. All funded debt securities issued and not reacquired held by or for the accounting company are considered to be outstanding.

NOTE E—In cases where funded debt has been issued by the accounting company as collateral security for any purpose the total amount of funded debt included in this account shall be shown on the balance sheet in the short column and the amount so pledged shall be deducted therefrom and the balance carried to the main column.

NOTE F—Funded debt which is to be repaid in a foreign currency shall be included in this account at rates of exchange prevailing when the debt was incurred.

NOTE G—The amount of funded debt owned by the accounting company shall, for purposes of balance sheet presentation, be deducted from the amount of outstanding funded debt included in this account.

85. Amounts Payable to Affiliated Companies.

This account shall include:

- (a) The par value of non-negotiable notes issued to affiliated companies.
- (b) The par value of matured funded debt of the accounting company held by controlling companies where there is no agreement for an extension as to time of payment but collection of the principal is not enforced.
- (c) Credit balances in open accounts with such companies other than credit balances in current accounts.
- (d) Interest accrued on any of the above when such interest is not subject to current settlement.

Separate sub-accounts shall be kept for each of the above items. (See general instructions, section 18.)

NOTE A—Accounts with affiliated companies which are subject to current settlement such as joint revenue payable, charges for material and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities, as may be appropriate.

NOTE B—No item shall be included in this account which is not known to be the property of an affiliated company.

CAPITAL STOCK AND SURPLUS.

90. Capital Stock.

This account shall include the total par value of par value stock, and the total amount paid in for stock without par value, less amounts allocated to account No. 91, "Contributed surplus" in compliance with The Companies Act section 12(10), for all shares of capital stock or other form of proprietary interest in the accounting company which have been issued to bona fide purchasers and have not been reacquired and cancelled.

Appropriations of retained earnings which have been transferred to par value or no par value stock account shall also be included. The amount of the consideration received from the sale of par value stock in excess of the amount credited to this account shall be included in account No. 91, "Contributed surplus". (See general instructions, section 14.)

When capital stock is reduced or cancelled, this account shall be charged with the amount at which such stock is carried in this account. In the case of no par value stock the amount to be charged to this account shall be the proportion, applicable to the redeemed shares immediately prior to redemption, of the total book liability included herein of the outstanding shares of the particular class and series of stock of which the redeemed shares are a part.

The amounts included in this account shall be recorded so as to show the par value of shares of par value stock and amount paid in for shares of no par value stock issued and outstanding.

The amounts included herein shall be further divided so as to show the amount of each class of stock issued, separated as between par value and no par value stock, as follows:

- (a) Common Stock—Stocks which have no preference over other issues of stock in distribution of dividends or of assets.

- (b) Preferred Stock—Stocks having preference over other issues of stock in distribution of dividends or of assets.
- (c) Receipts Outstanding for Instalments Paid—Receipts for payments on account of subscriptions to capital stock.

When the subscriber has paid his subscription in full and is entitled to receive certificates representing the shares for which he has subscribed, the par value of stock having par value or the agreed purchase price for stock without par value shall be included in the division appropriate for the class for which the certificates are issued.

Each of the above classes shall also be divided into subclasses according to differences in dividend or interest rights, voting rights, or conditions under which the securities may be retired.

NOTE A—When capital stock having par value is exchanged for capital stock without par value, any sums resting in account No. 91, "Contributed surplus" with respect thereto shall be cleared to account No. 90, "Capital stock".

NOTE B—An appropriate record shall be maintained with respect to shares of capital stock showing the number of shares issued and outstanding.

NOTE C—In cases where capital stock has been issued by the accounting company as collateral security for any of its long term debt, short term loans or for other purposes, the total amount of capital stock included in this account shall be shown on the balance sheet in the short column and the amount so pledged shall be deducted therefrom and the balance carried to the main column.

91. Contributed Surplus.

This account shall include surplus arising from transactions relating to the company's share capital. This account shall also include capital contributions and donations from governments and other sources.

Items of Contributed Surplus

(See general instructions, section 4.)

Premium received on the issue of par value shares

Proceeds of sale of donated shares

Credits resulting from redemption or conversion of shares at less than the amount recorded as share capital

Other contributions made by shareholders as such in excess of par or stated value of shares

Portion of proceeds of issue of no par value shares that have been allocated to surplus in compliance with The Companies Act section 12(10)

Capital contributions in the form of subsidies, building sites, etc.

92. Retained Earnings.

This account shall include the balance (debit or credit) of the amount included in account No. 301, "Retained earnings".

93. Excess of Appraised Value of Fixed Assets Over Depreciated Cost.

This account shall be credited with the increase in value of fixed assets as a result of an appraisal where such appraisal is associated with:

- (a) An actual purchase and sale, as in the acquisition of an affiliated company
- (b) A reorganization
- (c) A substantial issue of securities whether equity shares or otherwise.

NOTE—Irrespective of the final disposition of any excess of appraised value over depreciated cost, where such excess is to be recorded, this account shall be used.

TEXT PERTAINING TO PROPERTY ACCOUNTS.

Separate primary accounts are prescribed for carrier property in gathering lines, trunk lines, and for such property as is used generally for both gathering and trunk lines. To establish that the accounting requirements are the same for the same kind of property in each of the three groupings, a single text is provided hereinafter for the two (or three) primary account numbers having identical titles, as indicated by the following table:

Account No.			Account title
Gathering lines	Trunk lines	General	
101	151	171	Land
102	152		Rights of way
103	153		Main pipe line
106	156	176	Buildings
108	158		Pumping equipment
109	159	179	Machine tools and machinery
110	160		Other station equipment
111	161		Oil tanks
112	162		Receiving and delivery facilities
113	163	183	Communication systems
114	164	184	Office furniture and equipment
115	165	185	Vehicles and other work equipment
116	166	186	Other property
117	167	187	Aircraft, engines and flying equipment
118	168	188	Joint property
119	169	189	Interest during construction
		191	Construction work in progress

The primary accounts included in this group of accounts are designed to show the cost of land, carrier property and equipment owned by the carrier and devoted to pipe line operations. The balance of these primary accounts is included in balance sheet account No. 30, "Carrier property".

GATHERING LINES.

101. Land.

This account shall include the cost of land used for the construction and operation of pipe lines; the cost of land for storage, station, office, shop, and other grounds; the cost of land for ingress to or egress from such grounds; the cost of land for borrow pits, waste banks, and for storage of material adjoining the right of way; the cost of land for wharves and docks, and the cost of riparian or water rights necessary therefor; the cost of removing from the land and locating elsewhere the property of others, and the cost of necessary land for relocation of the property, when such costs are assumed by the accounting carrier.

When land, together with buildings thereon, is acquired the cost shall be fairly apportioned between land and buildings and accounted for accordingly. If the plan of acquisition contemplates the removal of the buildings, the total cost of the land and buildings shall be accounted for as the cost of the land and the value of the salvage of the buildings when disposed of shall be deducted from the cost of the land as determined.

Proceeds from the sale of timber or of improvements purchased with land, less any cost of removal, shall be credited to this account.

Proceeds from the sale of minerals known to be in the land when purchased and considered in the purchase price thereof shall be credited to this account.

Items of Land

(See general instructions, section 4.)

Abstract	Expropriation expense, including court costs and special counsel fee
Appraisal	Judgments and decreed costs to clear or defend title
Arbitrator in expropriation case	Notarial fee
Commission paid to others	Payment for release from restrictive provisions of original deed and for other rights
Compensation and expenses of land agents when specifically assigned to acquisition of land, but not arbitrary apportionments for incidental services	Plats
Cost of clearing, filling and levelling submerged or low land	Premiums on expropriation bonds
Damage to property of others	Recording deed
Ditch for waterway when part of consideration	Removal and relocation of buildings and other structures not purchased
Engineering and survey expense in connection with purchase of land in fee simple	Rent of land when part of consideration for purchase
	Taxes accrued and assumed at time of purchase

NOTE A—When the acquisition of land for carrier service involves also the purchase of land not to be used for such purposes, the charges to this account shall be based upon the estimated cost at date of acquisition of only that portion which is used for carrier service. The estimated value of that portion which is not or will not in the near future be so used shall be included in account No. 34, "Non-carrier property". When such land is practically worthless, it shall be included in the account at a nominal value for record purposes.

NOTE B—Payments for options and of interest on options and on contracts to purchase land which it is proposed to use in contemplated construction projects shall be carried in account No. 45, "Other deferred debits", pending determination as to whether to proceed with the project. If it be decided to proceed with the project, the balance in account No. 45, "Other deferred debits" shall be cleared therefrom and charged to account No. 191, "Construction work in progress"; if not, the amount lost, including interest, if any, shall be charged to account No. 317, "Other charges", or income accounts as applicable.

NOTE C—The net proceeds from the sale of minerals and timber in excess of the amount considered therefor in the purchase price of the land shall be credited to account No. 303, "Profit from sale of property" or account No. 410, "Other income", as applicable.

NOTE D—When land has been purchased for a proposed pipe line operation project and the project has been indefinitely postponed before construction work is begun, the cost of the property shall be transferred to account No. 34, "Non-carrier property", sufficient details being included in the entry to permit the classification of the various items of cost in case the project is later pursued. The cost of the work which has been done shall be included in account No. 45, "Other deferred debits", until a decision has been reached as to execution or abandonment of the project. If it be determined to continue the work the cost of the land and the work which has been done shall be transferred to account No. 191, "Construction work in progress". If the project be abandoned the cost of the work which has been done shall be charged to account No. 313, "Loss from sale and retirement of property" or account No. 420, "Other income charges", as applicable.

NOTE E—When land is acquired for which there is not a definite plan for its use in pipe line operations, the cost shall be charged to account No. 34, "Non-carrier property".

NOTE F—In case land is purchased under a definite plan for its use in a construction project, its cost shall be included in account No. 191, "Construction work in progress", until such time as the project involved is completed ready for service.

NOTE G— The cost of clearing, levelling or grading land, both before and after the construction of facilities thereon, but directly related to such facilities, shall be included in the accounts provided for the cost of the facilities constructed.

102. Rights of Way.

This account shall include amounts paid for rights of way or easements; also expenses in connection with obtaining such rights of way.

Items of Rights of Way

(See general instructions, section 4.)

Abstract expense
Expropriation expense
Legal fee
Notarial fee

Procuring expense
Recording fee
Right of way agent's compensation

NOTE A—The cost of land owned in fee simple, used as rights of way, is provided for in account Nos. 101, 151 or 171, "Land", as applicable.

NOTE B—Periodical rents paid for use of rights of way shall be charged to account Nos. 640, 690 or 790, "Operating rents", as applicable.

NOTE C—The cost of clearing, levelling, or grading rights of way, both before and after the construction of facilities thereon, but directly related to such facilities, shall be included in the accounts provided for the cost of the facilities constructed.

NOTE D—Proceeds from the sale of timber or of improvements purchased with rights of way less any cost of removal, shall be credited to this account.

103. Main Pipe Line.

This account shall include the costs of line pipe and line pipe fittings laid in the construction of oil pipe lines, between station's outgoing header gate valve and next station's incoming header gate valve, including pipe and fittings used in manifold installations located between stations and header gate valves located at stations. It shall also include all costs of constructing oil pipe lines between station's outgoing header gate valve and next station's incoming header gate valve, including the cost of constructing scraper and other pipe line pits, which do not include an above ground building.

Details of Pipe Line Fittings

(See general instructions, section 4.)

Flange

Valve

Details of Pipe Line Construction

The following are examples of the nature of work and material which are chargeable to pipe line construction.

(See general instructions, section 4.)

Labour and Equipment

Backfilling
Cleaning up rights of way
Clearing rights of way
Construction damage
Ditching
Engineering and surveying
Hauling and stringing

Inspection and testing
Installing line pipe fittings
Laying
Superintendence
Treating
Welding

Material

Barrier	Insulator
Bent	Pole
Bridge, road, fence and gate when essential to pipe line construction	Protective coating
Casing pipe	River weight
Cathodic protection system	Rock shield
Cattleguard	Slab
Clamp and sleeve	Support and cable
Culvert	Vent line
	Wire

NOTE A—The cost of less than a unit of line pipe when installed as a replacement shall be charged to account Nos. 602, 652 or 752, "Repairs of pipe lines", as applicable. For purposes of this classification a unit of line pipe shall be:

- 5,000 feet of pipe 16 inches in diameter or larger contained in a continuous section
- 1,500 feet of pipe less than 16 inches in diameter contained in a continuous section

NOTE B—If a project involving the construction of scraper or other pipe line pits includes an above ground building, the cost of constructing the pit and building, including material and labour, shall be charged to account Nos. 106, 156 or 176, "Buildings", as applicable. In construction of such pits, whether or not they include an above ground building, the cost of the line pipe extending into the pit, the cost of fittings, and the cost of labour installing the pipe and fittings shall be included in this account or account No. 153, "Main pipe line", as applicable. (For station manifolds see account Nos. 110 or 160, "Other station equipment", as applicable.)

NOTE C—The cost of reopening the trench and backfilling subsequent to original construction, for the purpose of applying the original protection and casing, shall be charged to this account or account No. 153, "Main pipe line", as applicable.

106. Buildings.

This account shall include the cost of buildings, including foundations, superstructures, fixtures and appurtenances. Where the construction of scraper or other pipe line pits, includes an above ground building, this account shall also include the cost of constructing the pit and the building including material and labour. (See account No. 103 "Main pipe line".)

It shall also include the cost of clearing, levelling or grading land, both before and after construction of building when such is directly related to the building.

List of Building Structures and Details

(See general instructions, section 4.)

Airstrip and runway	Garage
Aircraft hangar	Incinerator
Architect's fee	Loading platform
Auxiliary building	Office building
Boiler house and boiler	Oil house
Building covering valve, scraper and strainer pit	Pipe rack
Cistern	Pump house
Clearing and landscaping building area	Road and parking area
Employee housing	Sewage system
Equipment house	Wall
Fence and gate around building	Warehouse
Gravitometer house	Well house
	Workshop

NOTE A—The cost of foundations special to boilers, engines, pumps, and machine tools and machinery shall be included in the cost of such machinery and apparatus.

NOTE B—The cost of restoring the grounds after repair work shall be included in the appropriate operating expense accounts.

108. Pumping Equipment.

This account shall include the cost of engines, motors, pumps, and all other pumping equipment required in transportation of oil, including the cost of special foundations and installation.

Items of Pumping Equipment

(See general instructions, section 4.)

Air compressor	Fuel and water storage tank
Air cooling system	Heat exchanger
Air intake and exhaust system	Generator
Air starting system	Lube oil system
Booster pump	Pump
Engine cooling system	Seal oil system
Engine and motor	Speed controller
Exhaust silencer	Speed increaser
Fuel oil system	

NOTE A—The cost of foundations, other than those special to particular engines and pumps, shall be included in account Nos. 106, 154 or 176, "Buildings", as applicable.

NOTE B—The cost of engines and pumps for use in connection with receiving and delivery facilities shall be included in account Nos. 112 or 162, "Receiving and delivery facilities", as applicable.

109. Machine Tools and Machinery.

This account shall include the cost of machine tools and machinery, including the cost of their special foundations and installation.

Items of Machine Tools and Machinery

(See general instructions, section 4.)

Air compressor	Milling machine
Belting	Pipe cutting and threading machine
Boring machine	Planer
Drilling machine	Power equipment
Engine and motor	Saw
Grinder	Shaper
Generator	Stationary engine
Hoist	Vise
Lathe	Welding machine
Lifting magnet	

NOTE A—The cost of foundations, other than those special to particular machine tools and machinery, shall be included in account Nos. 106, 156 or 176, "Buildings", as applicable.

NOTE B—This account shall only be used where the carrier operates its own machine shops.

110. Other Station Equipment.

This account shall include the cost of all station equipment not provided for elsewhere.

Items of Other Station Equipment

(See general instructions, section 4.)

Calibration tank	Permanent water right
Compensator	Reservoir
Electrical system	Safety device
Electrical equipment and control	Service line
Fire fighting equipment	Siding and spur track for station use
Fuel and lubricating oil tank	Skimmer
Gasoline system	Station tools and equipment
Manifold	Station instrument control
Metering equipment complete with	Station oil line and fittings
strainer and filter	Steam system
Oil sump system	Sub station
Oil trap	Utility and instrument air system
Oil treating plant	Water system, storage tank and tower
Outside power line and lighting facilities	structure

111. Oil Tanks.

This account shall include the cost of tanks used for the storage of crude or product oil, and other appurtenances necessary to equip the tanks for such storage.

Details of Oil Tanks

(See general instructions, section 4.)

Ammonia injection system	Inlet valve
Catwalk	Oil tank
Cathodic protection system	Outlet valve
Fire protection equipment attached	Roof
to the tank	Steam coil
Fire wall	Swing pipe
Grade	Tank gauge system

112. Receiving and Delivery Facilities.

This account shall include the cost of facilities for receiving or delivering oil and oil products to or from vessels, railroad cars and trucks.

Details of Receiving and Delivery Facilities

(See general instructions, section 4.)

Automatic sampler	Metering equipment complete with
Barge	strainer and filter
Ballast system	Oil tank at dock
Breakwater	Oil line pipe and fittings used in connec-
Calibration tank	tion with receiving and delivery facil-
Cargo hose	ities
Cofferdam	Pier
Crane	Pumping equipment
Crib	Pumphouse
Delivery rack	Rail track used in connection with receiv-
Derrick	ing and delivery facilities
Dock	Seawall
Dock structure	Slip including piling
Engine and pump at loading rack and on	Tanker
wharf	Tank truck
Grading and site preparation	Wharf
Gravitometer	Winch
Loading platform	

113. Communication Systems.

This account shall include the cost of telegraph, telephone, and radio and other communication equipment, including terminal equipment.

Details of Communication Systems

(See general instructions, section 4.)

Telegraph and Telephone Equipment

Aerial attachment	Guy stub and anchor
Battery	Guy rod and wire
Brace	Insulator and pin
Bracket	Rectifier
Cable and wire	Rheostat
Cable box and appurtenance	Pole
Conduit and appurtenance	Sending and receiving instrument
Connecting wire	Submarine cable and connection
Current controlling instrument	Switchboard
Cross arm and cross arm bolt	Telephone pole box
Electric generator and motor	Testing outfit
Electric meter	Tower
Engine, stationary	Transformer
Fuse and mechanical protector	Underground cable and connection

Radio and Radar Equipment

Aerial or antenna and attachments	Radar console and associated equipment
Control unit	Radio tower
Power generating, converting or supply equipment	Specialized testing and repair equipment
	Transmitter and receiver including mobile unit

114. Office Furniture and Equipment.

This account shall include the cost of the office equipment, furniture, and fixtures for general and local office buildings, when not built in or permanently attached to buildings.

Details of Office Furniture and Equipment

(See general instructions, section 4.)

Accounting machine	Filing equipment
Adding machine	Fire extinguisher
Calculating machine	Locker
Chair	Safe
Clock	Rug
Comptometer	Table
Desk	Typewriter
Duplicating machine	Water cooler
Dictating equipment	

115. Vehicles and Other Work Equipment.

This account shall include the cost of motor and other vehicles, motor and other portable work equipment, garage equipment, and portable tools, not specifically provided for in other accounts.

Details of Vehicles and Other Work Equipment

(See general instructions, section 4.)

Air compressor	Motorcycle
Automobile	Motor and generator
Compressed air tool	Pipe cleaning machine
Concrete mixer and breaker	Power mower
Derrick	Power shovel
Ditching machine	Pump
Drill and hammer	Tamping and back filling machine
Gasoline and oil pump, portable	Tractor
Grading machine	Truck and truck trailer
Hand truck	Valve reseating machine
Hydraulic outfit	Welding machine
Laying tongs	Winch
Motor boat and barge	

116. Other Property.

This account shall include the cost of property used in pipe line operations not provided for elsewhere.

117. Aircraft, Engines and Flying Equipment.

This account shall include the cost of aircraft, aircraft engines and flying equipment attachable to or used to equip aircraft.

Details of Aircraft, Engines and Flying Equipment

(See general instructions, section 4.)

Aircraft	Radio
Engine	Ski
Float	Wheel
Helicopter	

118. Joint Property.

This account shall include the carrier's contribution towards cost of construction of projects involving joint use of facilities by the carrier and others where title to the aforementioned projects is not held by the carrier.

NOTE—Where title to projects involving joint use of facilities is held by the carrier, the carrier's contribution to cost shall be included in carrier property account Nos. 101 to 117, 151 to 167 and 171 to 187, as applicable.

119. Interest During Construction.

This account shall include interest during construction, which is chargeable to the property accounts. Amounts charged to this account shall be concurrently credited to:

- When no funded debt has been incurred in connection with the expenditures capitalized—account No. 417, "Interest on unfunded debt" or account No. 306, "Other credits" at the option of the carrier.
- When funded debt has been incurred in connection with the expenditures capitalized—account No. 416, "Interest on funded debt".

(See general instructions, section 14.)

Upon adoption of this classification the following rules will be in effect for subsequent charges to this account:

- (1) The sources of funds used in construction of the project are immaterial. It does not matter whether the carrier issues funded debt or requires no special financing.
- (2) The interest rate applied shall be:
 - (a) In the case of companies commencing business and companies established in business when funds are borrowed for the purpose of construction—the effective rate of interest taking into account the actual interest rate on borrowed funds, less premium or plus discount amortized.
 - (b) In the case of established companies using their own funds for the purpose of construction—the average monthly rate of return of marketable bonds as determined by bond brokers.
- (3) It is at the option of the carrier as to whether interest during construction shall be included, following the basis referred to above.
- (4) The carrier shall obtain the approval of the Board of Transport Commissioners before charging interest during construction.

NOTE—The carrier may, at its option, close out this account by pro-rating the amounts in this account over the depreciable property accounts.

TRUNK LINES.

151. Land.

For text of this section see account No. 101.

152. Rights of Way.

For text of this section see account No. 102.

153. Main Pipe Line.

For text of this section see account No. 103.

156. Buildings.

For text of this section see account No. 106.

158. Pumping Equipment.

For text of this section see account No. 108.

159. Machine Tools and Machinery.

For text of this section see account No. 109.

160. Other Station Equipment.

For text of this section see account No. 110.

161. Oil Tanks.

For text of this section see account No. 111.

162. Receiving and Delivery Facilities.

For text of this section see account No. 112.

163. Communication Systems.

For text of this section see account No. 113.

164. Office Furniture and Equipment.

For text of this section see account No. 114.

165. Vehicles and Other Work Equipment.

For text of this section see account No. 115.

166. Other Property.

For text of this section see account No. 116.

167. Aircraft, Engines and Flying Equipment.

For text of this section see account No. 117.

168. Joint Property.

For text of this section see account No. 118.

169. Interest During Construction.

For text of this section see account No. 119.

GENERAL.

171. Land.

For text of this section see account No. 101.

176. Buildings.

For text of this section see account No. 106.

179. Machine Tools and Machinery.

For text of this section see account No. 109.

183. Communication Systems.

For text of this section see account No. 113.

184. Office Furniture and Equipment.

For text of this section see account No. 114.

185. Vehicles and Other Work Equipment.

For text of this section see account No. 115.

186. Other Property.

For text of this section see account No. 116.

187. Aircraft, Engines and Flying Equipment.

For text of this section see account No. 117.

188. Joint Property.

For text of this section see account No. 118.

189. Interest During Construction.

For text of this section see account No. 119.

191. Construction Work in Progress.

This account shall include the cost of construction of carrier property not completed ready for service at the date of balance sheet, including the cost of land required for such projects (see note B to account Nos. 101, 151 or 171,

"Land", as applicable) and of unapplied construction material and supplies located at point of use for the construction of new equipment and/or extensions. It shall also include taxes during construction and other elements of cost of such construction work. When any carrier property, the cost of construction of which has been included in this account, is completed ready for service, the cost thereof shall be credited to this account and charged to the other primary property accounts appropriate to the character of the property.

NOTE—It is not required that this account shall include the cost of construction work which is placed in service as the work progresses.

TEXT PERTAINING TO RETAINED EARNINGS ACCOUNTS

The balance of primary retained earnings account No. 301, "Retained earnings" shall be closed into balance sheet account No. 92, "Retained earnings" at the end of each calendar year.

CREDITS.

301. Retained Earnings.

This account shall include the balance (debit or credit) of the amounts included in accounts No. 302 to No. 318 inclusive.

The balance of all retained earnings accounts (No. 302 to No. 318 inclusive) shall be closed into this account at the end of each calendar year.

302. Credit Balance Transferred from Income.

This account shall show the credit balance brought forward from the income account for the calendar year.

303. Profit from Sale of Property.

This account shall include the profit realized from the sale of property carried in account No. 30, "Carrier property" or account No. 34, "Non-carrier property" when the profit, if credited to accumulated depreciation, would unduly inflate the accumulated depreciation. Profit from the sale of land, if material, shall be credited to this account. (See general instructions, section 8.)

This account shall be maintained in such a manner as to show separately in the annual report to the Board of Transport Commissioners the profit relating to each item of plant.

NOTE—Profit from sale of land, if immaterial, shall be credited to account No. 410, "Other income".

304. Profit from Investments.

This account shall include the profit realized from the sale of investment in securities carried in account No. 20, "Investments in affiliated companies" and account No. 21, "Other investments".

Amounts shall be credited in this account only when material in relation to net income for the year and when immaterial they shall be credited to account No. 410, "Other income".

305. Contributions on Account of Operations.

This account shall include amounts received or receivable from others representing the whole or a part of the net deficit of the company or of operations which, for management purposes, are entrusted to the company when, under the terms of agreements or contracts, no obligation for subsequent reimbursement is incurred.

NOTE—Capital contributions in the form of subsidies, building sites and other similar items shall be included in account No. 91, "Contributed surplus".

306. Other Credits.

This account shall include amounts, not provided for elsewhere, transferred from other accounts to retained earnings, and amounts representing increases of resources not properly assignable to the income accounts.

When the amounts are immaterial in relation to the carrier's net income for the year such amounts may be recorded in the income accounts rather than in this account.

DEBITS.

312. Debit Balance Transferred from Income.

This account shall show the debit balance brought forward from the income account for the calendar year.

313. Loss from Sale and Retirement of Property.

This account shall include the loss incurred from sale, destruction or retirement of property carried in account No. 30, "Carrier property" or account No. 34, "Non-carrier property", when the loss, if charged to accumulated depreciation, would unduly deplete the accumulated depreciation. Loss from the sale of land, if material, shall be debited to this account. (See general instructions, section 8.)

This account shall be maintained in such a manner as to show separately in the annual report to the Board of Transport Commissioners the loss relating to each item of plant.

NOTE—Loss from sale of land, if immaterial, shall be charged to account No. 420, "Other income charges".

314. Loss from Investments.

This account shall include the loss incurred from sale, revaluation or write off of investments carried in account No. 20, "Investments in affiliated companies" and account No. 21, "Other investments".

Amounts shall be charged to this account only when material in relation to net income for the year and when immaterial they shall be charged to account No. 420, "Other income charges".

315. Dividend Appropriations.

This account shall include amounts declared as dividends on outstanding capital stock issued or assumed by the accounting company. (See definition of the several classes of capital stock in account No. 90, "Capital stock".)

This account shall be subdivided so as to show separately the dividends on the various subclasses of capital stock.

NOTE A—This account shall not include charges for dividends on capital stock issued or assumed by the accounting company, where pledged as collateral or held in its treasury in special deposits or in sinking or other reserve funds.

NOTE B—Dividends declared out of contributed surplus shall be charged to account No. 91, "Contributed surplus".

317. Other Charges.

This account shall include amounts, not provided for elsewhere, chargeable to or appropriated from retained earnings.

When the amounts are immaterial in relation to the carrier's net income for the year, such amounts may be recorded in the income accounts rather than in this account.

318. Income Tax Applicable to Retained Earnings Adjustments.

This account shall include the estimated federal, provincial, or other government income taxes (debit or credit) assignable to the aggregate of items of both taxable income and deductions from taxable income which, for accounting purposes, are classified as unusual or extraordinary, and are recorded in retained earnings accounts.

TEXT PERTAINING TO INCOME ACCOUNTS.

The balance of all primary income accounts shall be closed into retained earnings account No. 302, "Credit balance transferred from income" or account No. 312, "Debit balance transferred from income", as applicable, at the end of each calendar year.

CREDITS.

401. Operating Revenues.

This account shall include the total revenues derived from operations as shown in the accounts provided in the classification of operating revenue accounts.

403. Non-Carrier Revenues.

This account shall include the total revenues derived from operation of or income arising from non-carrier property, the cost of which is includible in account No. 34, "Non-carrier property".

List of Items to be Credited

(See general instructions, section 4.)

Revenue from commercial power plants
Revenue from land and buildings not used in pipe line service
Revenue from land and property acquired and held in anticipation of an indefinite future use
Revenue from mineral and timber land
Revenue from pipe line facilities leased to others under long term lease

404. Separately Operated Properties—Profit.

This account shall include amounts receivable under the terms of agreements or contracts whereby the surplus resulting from the operation by others of properties of other companies, having a separate corporate existence and whose operations are considered to be an integral part of the carrier's oil transportation system, is to be paid, in whole or in part, to the accounting company.

In determining the amount receivable by the accounting company, consideration shall be given not only to the revenues and expenses, but also to other items of income or deduction which affect that amount.

This account shall also reflect the reversing entry made by the carrier for its proportion of deficits of separately incorporated companies (controlled by the carrier and considered to be an integral part of its oil transportation system) and, allowances for the decrease in value of investments, previously provided through account No. 415, "Separately operated properties—loss", but not now required through subsequent favourable operations.

NOTE A—The amount payable by the operating company representing its net income shall be charged by it to account No. 425, "Income transferred to other companies".

NOTE B—Dividends or other returns upon securities issued by such separately operated companies, and held or controlled by the accounting company, shall be included in account No. 405, "Income from affiliated companies" or account No. 407, "Income from reserve funds", as may be appropriate.

NOTE C—The amount to be entered in this account is not the net balance between this account and account No. 415, "Separately operated properties—loss".

405. Income from Affiliated Companies.

This account shall include income from the accounting company's investment in stocks, securities and other types of indebtedness issued or assumed by affiliated companies, the income from which is the property of the accounting company, whether such stocks, securities and other types of indebtedness are owned by the accounting company and held in its treasury or deposited in trust, or are otherwise controlled. (See general instructions, section 18.)

The amounts included in this account shall be divided so as to show separately the types of income as follows:

- (a) Dividends
- (b) Interest
- (c) Other income

Income from affiliated companies shall not be credited to this account until such time as it is recorded on the books of the affiliated company.

NOTE—Income from the accounting company's investment in non-affiliated companies shall be included in account No. 406, "Income from investments".

406. Income from Investments.

This account shall include the income on Government and other marketable securities, which are the property of the accounting company. It shall also include interest on notes and other evidences of indebtedness, interest on bank balances, open accounts and other analogous items, including discount on short term notes held by the accounting company.

At the option of the accounting company, there may be included in this account an applicable portion of discount or premium on investments.

This account shall also include profits and losses on sales of temporary cash investments. Amounts to provide for the reduction or increase in market value of investments shall be charged or credited to this account.

NOTE A—Discounts or premiums on securities of the accounting company reacquired shall be charged or credited to account No. 410, "Other income", or account No. 420, "Other income charges", as applicable.

NOTE B—Interest on securities other than those of the accounting company, and on other assets held in sinking or other reserve funds shall be included in account No. 407, "Income from reserve funds".

NOTE C—Profit and losses on sales of temporary cash investments, if material, shall be included in account No. 304, "Profit from investments", or account No. 314, "Loss from investments", as applicable.

407. Income from Reserve Funds.

This account shall include the income accrued on cash, securities, and other assets (not including securities issued or assumed by the accounting company) held in account No. 22, "Capital and other reserve funds" and account No. 23, "Insurance and other funds". (See general instructions, section 12.)

This account shall also include profits realized and losses sustained in the sale of securities held in account No. 22, "Capital and other reserve funds" and account No. 23, "Insurance and other funds". (See general instructions, section 12.)

At the option of the accounting company there may be included each year in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the discount or premium on funded securities held in sinking or other reserve funds. Amounts thus credited or charged shall be concurrently charged or credited to the account in which the cost of the securities is carried.

408. Release of Premium on Funded Debt.

This account shall include, during each fiscal period, such proportion of the premiums on outstanding funded debt as may be applicable to the period. This proportion shall be determined according to a rule the uniform application of which, through the interval between the date of sale and the date of maturity, will extinguish the premium on funded debt. The credit to this account for any period shall be the proportion of the balance remaining unamortized applicable to that period so long as any portion of the premium remains unextinguished, except that if the total premium applicable to any particular issue of securities does not exceed \$25,000. the entire amount may be credited to this account at time of issue. (See general instructions, section 14.)

409. Gain on Foreign Exchange.

This account shall include the net amount representing realized gains less losses on foreign exchange not otherwise allocated.

410. Other Income.

This account shall include gains on sale of materials and supplies not purchased for resale and all other income items not provided for elsewhere.

DEBITS.

411. Operating Expenses.

This account shall include the total expenses of operations as shown in the accounts provided in the classification of expenses.

412. Non-Carrier Expenses.

This account shall include the total expenses (other than income taxes) of the operation of non-carrier property, the cost of which is includible in account No. 34, "Non-carrier property".

List of Items to be Debited

(See general instructions, section 4.)

- Expenses of commercial power plants
- Expenses of land and buildings not used in pipe line service
- Expenses of land and property acquired and held in anticipation of an indefinite future use
- Expenses of mineral and timber land
- Expenses of pipe line facilities leased to others under long term lease

413. Provision for Income Taxes.

This account shall include provision for federal, provincial or other government income taxes based on the carrier's operations for the fiscal period.

NOTE A—The estimated amount of income taxes (debit or credit) assignable to items recorded in the retained earnings accounts shall be included in account No. 318, "Income tax applicable to retained earnings adjustments".

NOTE B—Interest and penalties for failure to pay taxes within the allotted time, whether based on monthly or annual percentage rates or otherwise, shall be charged to account No. 417, "Interest on unfunded debt".

414. Depreciation.

This account shall include charges covering the current loss from depreciation of carrier property.

The carrier's subsidiary records shall be kept in such a manner that the charges for depreciation are shown separately for each depreciable carrier property account. (See general instructions, section 9, "Depreciation accounting", and account No. 32, "Accumulated amortization—carrier property".)

NOTE—Where a company allocates depreciation to a clearing account such allocated amounts shall be reported separately in the annual report to the Board of Transport Commissioners.

415. Separately Operated Properties—Loss.

This account shall include all charges under the terms of agreements or contracts whereby the deficit resulting from the operation by others of properties of other companies, having a separate corporate existence and whose operations are considered to be an integral part of the carrier's oil transportation system, is to be paid, in whole or in part, by the accounting company, and also the entry made by the carrier to reflect its portion of the deficit of separately incorporated companies controlled by the carrier, where the operations of such companies are considered to be an integral part of the carrier's oil transportation system.

In determining the amount to be charged by the accounting company, consideration shall be given not only to the revenues and expenses, but also to other items of income or deductions which affect that amount.

This account shall also include allowances for the decrease in value of investments which have been concurrently credited to account No. 74, "Provision for valuation of investments".

NOTE A—The amount receivable by the operating company representing its net deficit shall be credited by it to account No. 305, "Contributions on account of operations".

NOTE B—Dividends or other returns upon securities issued by separately operated companies and held or controlled by the accounting company shall not be included in this account to offset a deficit payable, but shall be included in account No. 405, "Income from affiliated companies" or account No. 407, "Income from reserve funds", as may be appropriate.

NOTE C—The amount to be entered in this account is not the net balance between this account and account No. 404, "Separately operated properties—profit".

416. Interest on Funded Debt.

This account shall include the current accruals of interest on all classes of long term debt, the principal of which is included in account No. 80, "Funded debt" and account No. 85, "Amounts payable to affiliated companies". This account shall be kept in such form that the interest on each class of funded debt may be shown separately in the annual report to the Board of Transport Commissioners.

NOTE A—This account shall not include charges for interest on funded debt obligations issued or assumed by the carrier and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or other reserve funds. (See also account No. 407, "Income from reserve funds".)

NOTE B—When the carrier elects to capitalize interest during construction, the amount so determined shall be charged to account Nos. 119, 169 or 189, "Interest during construction", as applicable, and credited to this account, provided the funded debt has been incurred in connection with the expenditures capitalized. (For the method of calculation see account No. 119, "Interest during construction".)

NOTE C—This account shall be maintained so as to show separately: (a) fixed interest which will be paid, or for which provision for payment will be made, when the interest matures; and (b) contingent interest determined to be payable.

417. Interest on Unfunded Debt.

This account shall include all interest except that chargeable to account No. 416, "Interest on funded debt" or to the property accounts. Discount and expenses on short term notes issued by the carrier maturing one year or less from date of balance sheet shall be charged to this account.

List of Items of Indebtedness, Interest on which is Chargeable to this Account

(See general instructions, section 4.)

Advances other than those from affiliated companies
Public improvements taxes
Bond coupons, matured and unpaid
Receipts outstanding for instalments paid on capital stock
Claims and judgments
Funded debt matured, with respect to which a definite agreement to extension has not been made
Open accounts, other than those classable in account No. 85, "Amonuts payable to affiliated companies"
Short term notes payable on demand or having dates of maturity one year or less from date of balance sheet
Tax payments past due

NOTE A—When a carrier elects to capitalize interest during construction, the amount so determined shall be charged to account Nos. 119, 169 or 189, "Interest during construction", as applicable and credited to this account or account No. 306, "Other credits", at the option of the carrier, provided no funded debt has been incurred in connection with the expenditures capitalized. (For method of calculation see account No. 119, "Interest during construction".)

NOTE B—Interest on instalments of taxes which are deferred without option of the carrier shall be included as part of the assessment. All other interest on taxes shall be charged to this account.

418. Amortization of Discount on Funded Debt.

This account shall be charged during each fiscal period with the proportion of the discount and expense on funded debt obligations applicable to that period. This proportion shall be determined according to a rule the uniform application of which, through the interval between the date of sale and the date of maturity, will extinguish the discount and expenses on funded debt. The charge to this account for any period shall be the proportion of the balance remaining unamortized applicable to that period so long as any portion of the discount and expense remains unextinguished, except that if the total discount and expense applicable to any particular issue of securities does not exceed \$25,000 the entire amount may be charged to this account at time of issue. (See general instructions, section 14.)

419. Loss on Foreign Exchange.

This account shall include the net amount representing realized losses less gains on foreign exchange not otherwise allocated.

420. Other Income Charges.

This account shall include charges not provided for elsewhere, such as overcharge claims, court awards, and other income deductions.

This account shall also include amounts reserved from income for purposes not provided for elsewhere.

425. Income Transferred to Other Companies.

This account shall include the whole or any portion of income of the accounting company payable to another company under the terms of agreements or contracts without obligation for reimbursement.

In determining the amount payable by the accounting company, consideration shall be given not only to revenue and expenses, but also to other items of income or deduction which affect that amount.

NOTE A—The amount receivable by the other company shall be credited by it to account No. 404, "Separately operated properties—profit".

NOTE B—Dividends or other payments upon securities issued or assumed by the accounting company shall not be included in this account.

TEXT PERTAINING TO OPERATING REVENUE ACCOUNTS.

Separate primary accounts are prescribed for revenue from the operation of gathering lines and trunk lines. To establish that the accounting requirements are the same for the same kind of revenue in each type of operation, a single text is provided hereinafter for the two primary account numbers having identical account titles, as indicated by the following table:

Account No.		Account title
Gathering lines	Trunk lines	
501	551	Transportation revenue
502	552	Storage and demurrage revenue
503	553	Rent revenue
504	554	Other revenue
505	555	Allowance oil revenue

The primary accounts included in this group of accounts are designed to show amounts of money which the carrier becomes entitled to receive, or which accrue to its benefit, from services rendered to others in gathering oil and oil products, in the transportation of oil and oil products, and from services incident to such operations.

The balance of these primary accounts is included in income account No. 401, "Operating revenues". The balance of all primary operating revenue accounts shall be closed into income account No. 401, "Operating revenues" at the end of the calendar year.

GATHERING LINES.

501. Transportation Revenue.

This account shall include the revenue from the transportation of oil and oil products.

502. Storage and Demurrage Revenue.

This account shall include the revenue from the storage of oil; also demurrage charges incident to the failure of the consignee to receive oil or oil products promptly.

503. Rent Revenue.

This account shall include revenues from the rental or sub-rental of carrier property by the accounting company to others.

The maintenance of and taxes on carrier property the rent from which is includible in this account shall, if assumed by the accounting company, be charged to the operating expense account applicable.

NOTE—The rent from property, the cost of which is includible in account No. 34, "Non-carrier property", shall be included in account No. 403, "Non-carrier revenues".

504. Other Revenue.

This account shall include carrier revenue not includible in account Nos. 501, 502, 503 and 505, such as revenue from telegrams, telephone messages and other incidental services.

505. Allowance Oil Revenue.

This account shall include amounts earned as a result of the carrier's tariff relating to oil allowances covering loss due to shrinkage, etc. (See general instructions, section 19.)

TRUNK LINES.

551. Transportation Revenue.

For text of this section see account No. 501.

552. Storage and Demurrage Revenue.

For text of this section see account No. 502.

553. Rent Revenue.

For text of this section see account No. 503.

554. Other Revenue.

For text of this section see account No. 504.

555. Allowance Oil Revenue.

For text of this section see account No. 505.

TEXT PERTAINING TO OPERATING EXPENSE ACCOUNTS.

Separate primary accounts are prescribed for expenses of operating gathering lines and trunk lines and for those expenses common to both. To establish that the accounting requirements are the same for the same kind of expense in each type of operation, a single text is provided hereinafter for the two (or three) primary account numbers having identical account titles, as indicated by the following table:

Account No.			Account title
Gathering lines	Trunk lines	General clearing accounts	
Maintenance			
601	651	751	Superintendence
602	652	752	Repairs of pipe lines
604	654	754	Repairs of buildings
605	655	....	Repairs of pumping equipment
606	656	....	Repairs of oil tanks
607	657	....	Repairs of receiving and delivery facilities
608	658	758	Repairs of communication systems
609	659	759	Repairs of office furniture and equipment
610	660	....	Repairs of vehicles and other work equipment
611	661	761	Repairs of other station equipment
612	662	762	Other repairs
614	664	....	Extraordinary retirements
615	665	....	Equalization—property
616	666	766	Amortization adjustment
617	667	767	Repairs of aircraft, engines and flying equipment
Transportation			
621	671	771	Superintendence
622	672	....	Operation of pipe lines
623	673	....	Operation of pumping stations
624	674	....	Operation of oil tanks
625	675	....	Operation of receiving and delivery facilities
626	676	776	Operation of communication systems
627	677	....	Oil loss
628	678	....	Other expenses
629	679	779	Operation of aircraft
General Office and Other Expenses			
631	681	781	General office salaries
632	682	782	General office supplies and expenses
633	683	783	Law expenses
634	684	784	Injuries to persons
635	685	785	Pensions and employee welfare expense
636	686	....	Damage to property
638	688	788	Insurance
639	689	....	Extraordinary losses
640	690	790	Operating rents
641	691	791	Other expenses
642	692	792	Other taxes
643	693	793	Bad debts

The primary accounts included in this group of accounts are designed to show the expenses of maintenance, transportation, general office and other expenses pertaining to the pipe line operations.

The balance of these primary accounts is included in income account No. 411, "Operating expenses". The balance of all primary operating expense accounts shall be closed into income account No. 411, "Operating expenses" at the end of each calendar year.

GATHERING LINES.

MAINTENANCE.

601. Superintendence.

This account shall include the pay of employees directly in charge of or engaged in pipe line maintenance and the pay of others in the offices of employees whose pay is chargeable to this account. (See general instructions, section 10.) It shall also include the cost of supplies used and the expenses of employees whose pay is chargeable to this account.

Items of Expense

(See general instructions, section 4.)

Heating	Repair of rented office
Lighting	Telephone
Power	Travelling expense

NOTE A—When employees are specifically assigned to construction work, their pay and expenses while thus employed shall be charged to the work upon which engaged. (See general instructions, section 6.)

NOTE B—When employees have supervision over more than one operation, their pay and the pay of the employees in their offices shall be apportioned equitably among the operations over which they have jurisdiction.

NOTE C—The cost of stationery for pipe line maintenance offices is chargeable to account Nos. 632, 682 or 782, "General office supplies and expenses", as applicable.

602. Repairs of Pipe Lines.

This account shall include the cost of repairing oil pipe lines, the investment in which is included in account Nos. 103 or 153, "Main pipe line". It shall also include the cost of renewing and replacing in kind less than a unit of line pipe. (See general instructions, sections 7, 8 and 10.)

Items of Pipe Line Expense

(See general instructions, section 4.)

Repairing line pipe
Renewing and replacing in kind less than a unit of line pipe
Repairing line pipe fitting e.g. valve, flange, etc.
Repairing casing pipe and vent line
Repairing bridge, road and fence on pipe line rights of way
Repairing manifold installation between stations
Renting aircraft or aircraft facilities used for line patrol service

NOTE A—For purposes of this classification a unit of line pipe shall be:
5,000 feet of pipe 16 inches in diameter or larger
contained in a continuous section
1,500 feet of pipe less than 16 inches in diameter
contained in a continuous section

NOTE B—The service value of units of line pipe and fittings retired shall be charged to account No. 31, "Accumulated depreciation—carrier property".

604. Repairs of Buildings.

This account shall include the cost of repairing buildings of all classes, the investment in which is included in account Nos. 106, 156 or 176, "Buildings", as applicable. (See general instructions, section 10.) It shall also include the cost of maintaining the grounds of the above mentioned buildings.

Building Structures and Details

(See general instructions, section 4.)

Airstrip and runway	Heating (building facilities only)
Aircraft hangar	Incinerator
Auxiliary building	Loading platform
Boiler house and boiler	Office
Building covering valve	Oil house
scraper and strainer pit	Pipe rack
Cistern	Pumphouse
Cleaning and landscaping	Road and parking area
Employee housing	Sewage system
Equipment house	Wall
Fence and gate around building	Warehouse
Garage	Well house
Gravitometer house	Workshop

605. Repairs of Pumping Equipment.

This account shall include the cost of repairing oil pumping equipment, the investment in which is included in account Nos. 108 or 158, "Pumping equipment", as applicable. (See general instructions, section 10.)

Items of Pumping Equipment

(See general instructions, section 4.)

Air compressor	Fuel and water storage tank
Air cooling system	Generator
Air intake and exhaust system	Heat exchanger
Air starting system	Lube oil system
Booster pump	Pump
Engine and motor	Seal oil system
Engine cooling system	Speed controller
Exhaust silencer	Speed increaser
Fuel oil system	

NOTE—The cost of repairs of oil line pumping station buildings shall be included in account Nos. 604, 654 or 754, "Repairs of buildings", as applicable.

606. Repairs of Oil Tanks.

This account shall include the cost of repairing oil tanks, the investment in which is included in account Nos. 111 or 161, "Oil tanks", as applicable. This account shall also include the cost of mowing and cleaning tank farms. (See general instructions, section 10.)

Details of Oil Tanks

(See general instructions, section 4.)

Ammonia injection system	Inlet valve
Catwalk	Oil tank
Cathodic protection system	Outlet valve
Fire protection equipment attached to tank	Roof
Fire wall	Steam coil
Grade	Swing pipe
	Tank gauge system

607. Repairs of Receiving and Delivery Facilities.

This account shall include the cost of repairing receiving and delivery facilities, the investment in which is included in account Nos. 112 or 162, "Receiving and delivery facilities", as applicable. (See general instructions, section 10.)

Details of Receiving and Delivery Facilities

(See general instructions, section 4.)

Automatic sampler	Metering equipment, complete with
Barge	strainer and filter
Ballast system	Oil tank at dock
Breakwater	Oil line pipe and fittings used in con-
Calibration tank	nection with receiving and delivery
Cargo hose	facilities
Crane	Pier
Cofferdam	Pumping equipment
Crib	Pumphouse
Delivery rack	Rail track used in connection with
Derrick	receiving and delivery facilities
Dock	Seawall
Dock structure	Slip including piling
Engine and pump at loading rack and	Tanker
on wharf	Tank truck
Grading and site preparation	Wharf
Gravimeter	Winch
Loading platform	

608. Repairs of Communication Systems.

This account shall include the cost of repairing communication systems, the investment in which is included in account Nos. 113, 163 or 183, "Communication systems", as applicable. It shall also include the cost of relocating communication systems. (See general instructions, section 10.)

Details of Communication Systems

(See general instructions, section 4.)

Telegraph and Telephone Equipment

Aerial attachment	Guy stub and anchor
Battery	Guy rod and wire
Brace	Insulator and pin
Bracket	Rectifier
Cable and wire	Rheostat
Cable box and appurtenance	Pole
Conduit and appurtenance	Sending and receiving instrument
Connecting wire	Submarine cable and connection
Current controlling instrument	Switchboard
Cross arm and cross arm bolt	Telephone pole box
Electric generator and motor	Testing outfit
Electric meter	Tower
Engine, stationary	Transformer
Fuse and mechanical protector	Underground cable and connection

Radio and Radar Equipment

Aerial or antenna and attachments	Radar console and associated equipment
Control unit	Radio tower
Power generating, converting or supply	Specialized testing and repair equipment
equipment	Transmitter and receiver including mobile
	unit

609. Repairs of Office Furniture and Equipment.

This account shall include the cost of repairing office furniture and equipment, the investment in which is included in account Nos. 114, 164 or 184, "Office furniture and equipment", as applicable. (See general instructions, section 10.)

Details of Office Furniture and Equipment

(See general instructions, section 4.)

Accounting machine	Filing equipment.
Adding machine	Fire extinguisher
Calculating machine	Locker
Chair	Safe
Clock	Rug
Comptometer	Table
Desk	Typewriter
Duplicating machine	Water cooler
Dictating equipment	

610. Repairs of Vehicles and Other Work Equipment.

This account shall include the cost of repairing motor and other vehicles, motor and other portable work equipment, and garage equipment, the investment in which is included in account Nos. 115, 165 or 185, "Vehicles and other work equipment", as applicable. (See general instructions, section 10.)

Details of Vehicles and Other Work Equipment

(See general instructions, section 4.)

Air compressor	Motorcycle
Automobile	Motor and generator
Compressed air tool	Pipe cleaning machine
Concrete mixer and breaker	Power mower
Derrick	Power shovel
Ditching machine	Pump
Drill and hammer	Tamping and back filling machine
Gasoline and oil pump, portable	Tractor
Grading machine	Truck and truck trailer
Hand truck	Valve reseating machine
Hydraulic outfit	Welding machine
Laying tongs	Winch
Motor boat and barge	

611. Repairs of Other Station Equipment.

This account shall include the cost of repairing property, the investment in which is included in account Nos. 110 or 160, "Other station equipment", as applicable. (See general instructions, section 10.)

Details of Other Station Equipment

(See general instructions, section 4.)

Calibration tank	Reservoir
Compensator	Safety device
Electrical equipment and control	Service line
Electrical system	Siding and spur track for station use
Fire fighting equipment	Skimmer
Fuel and lubricating oil tank	Station tools and equipment
Gasoline system	Station instrument control
Manifold	Station oil line and fittings
Metering equipment complete with strainer and filter	Steam system
Oil sump system	Sub station
Oil trap	Utility and instrument air system
Oil treating plant	Water system, storage tank and tower structure
Outside power line and lighting facilities	

612. Other Repairs.

This account shall include the cost of repairing property, the investment in which is included in account Nos. 109, 159 or 179, "Machine tools and machinery", Nos. 116, 166 or 186, "Other property", Nos. 118, 168 or 188, "Joint property", and other property used in pipe line operations and which has not been provided for elsewhere. (See general instructions, section 10.)

614. Extraordinary Retirements.

This account shall include the proportion of the service value of carrier property retired, which, by authority of the Board of Transport Commissioners, shall be charged to operating expenses for the period.

NOTE—Extraordinary losses of oil shall be included in account Nos. 639 or 689, "Extraordinary losses", as applicable.

615. Equalization—Property.

This account shall include adjustments of the difference between the actual and the budgeted property and equipment maintenance expenses as provided in section 10 of the general instructions. The amounts included in this account shall concurrently be debited or credited to account No. 73, "Equalization reserves".

616. Amortization Adjustment.

This account shall include the difference between the amount recorded in account No. 32, "Accumulated amortization—carrier property", with respect to specific facilities retired, which were subject to amortization accounting, and the service value of such retired property.

617. Repairs of Aircraft, Engines and Flying Equipment.

This account shall include the cost of repairing aircraft, engines and flying equipment, the investment in which is included in account Nos. 117, 167 and 187, "Aircraft, engines and flying equipment", as applicable. (See general instructions, section 10.)

Details of Aircraft, Engines and Flying Equipment

(See general instructions, section 4.)

Aircraft
Engine
Float
Helicopter

Radio
Ski
Wheel

TRANSPORTATION.

621. Superintendence.

This account shall include the pay of employees directly in charge of or engaged in pipe line transportation service and the pay of others in the offices of employees whose pay is chargeable to this account. It shall also include the cost of supplies used and the expenses of employees whose pay is chargeable to this account.

Items of Expense

(See general instructions, section 4.)

Heating	Repair of rented office
Lighting	Telephone
Power	Travelling expense

NOTE A—When employees are specifically assigned to construction work, their pay and expenses while thus employed shall be charged to the work upon which engaged. (See general instructions, section 6.)

NOTE B—When employees have supervision over more than one operation, their pay and the pay of the employees in their offices shall be apportioned equitably among the operations over which they have jurisdiction.

NOTE C—The cost of stationery for oil transportation offices is chargeable to account Nos. 632, 682 or 782, "General office supplies and expenses", as applicable.

622. Operation of Pipe Lines.

This account shall include the pay of employees including dispatchers engaged in the operation of oil pipe lines. It shall also include the cost of supplies used and expenses incurred in the operation of oil pipe lines including rent for the use of a complete pipe line or section thereof.

623. Operation of Pumping Stations.

This account shall include the pay of employees engaged in the operation of oil line pumping stations, cleaning station buildings and maintaining grounds. It shall also include the cost of supplies used and expenses incurred in connection with the operation of pumping stations.

Items of Expense

(See general instructions, section 4.)

Compound	Machine oil
Electrical lighting apparatus	Packing
Fuel	Power
Gasket	Steam and water
Lubricant	Waste

624. Operation of Oil Tanks.

This account shall include the pay of employees engaged in the operation of oil tanks. It shall also include the cost of supplies used and expenses incurred in connection with the operation of oil tanks.

625. Operation of Receiving and Delivery Facilities.

This account shall include the pay of employees engaged in the operation of receiving and delivery facilities. It shall also include the cost of supplies used and expenses incurred in connection with the operation of receiving and delivery facilities.

626. Operation of Communication Systems.

This account shall include the pay of employees engaged in the operation of communication systems. It shall also include the cost of supplies used and expenses incurred in connection with the operation of communication systems.

Items of Expense

(See general instructions, section 4.)

Battery	Light
Chemical	Operating power
Copper	Rent for use of communication facilities
Fuel	Zinc

627. Oil Loss.

This account shall include the value of oil and oil products lost in the course of transportation or during storage with the exception of extraordinary losses. (See general instructions section 19, "Allowance oil accounting".)

NOTE—Extraordinary losses shall be included in account Nos. 639 or 689, "Extraordinary losses", as applicable.

628. Other Expenses.

This account shall include all expenses in connection with transportation that are not properly chargeable to other transportation accounts.

629. Operation of Aircraft.

This account shall include the pay of employees engaged in the operation of aircraft. It shall also include the cost of supplies used and expenses incurred in connection with the operation of aircraft.

Items of Expense

(See general instructions, section 4.)

Battery charge	Licence
Fuel oil and lubricant	Map and navigational instrument
Gasoline	Rent for use of aircraft or aircraft facilities
Landing fee	

NOTE—Cost of renting aircraft or aircraft facilities used for line patrol service shall be charged to account No. 602, "Repairs of pipe lines".

GENERAL OFFICE AND OTHER EXPENSES.

631. General Office Salaries.

This account shall include the pay of employees directly in charge of both maintenance and operation of oil pipe lines, including the pay of their assistants, clerks, and others.

632. General Office Supplies and Expenses.

This account shall include the cost of expenses of employees whose pay is included in account Nos. 631, 681 or 781, "General office salaries", as applicable.

Items of Expense

(See general instructions, section 4.)

Cleaning	Publication
Express	Stationery
Heating	Telegraph
Lighting	Telephone
Messenger service	Travelling
Office expense	Vehicular service
Postage	

633. Law Expenses.

This account shall include the pay and the office and other expenses of employees of the law department when not provided for elsewhere. It shall also include the cost of lawsuits, and the payments of special law fees.

Items of Expense

(See general instructions, section 4.)

Arbitrator's service in settlement of disputed questions	Membership fee and dues in association to protect carrier against litigation in respect of patents
Cost of taking deposition	Membership fee and dues in law association
Cost of testimony	Notarial fee not provided for elsewhere
Cost of suit	Office expense
Court bond	Printing of brief, testimony and report
Court expense	Special fee
Drawing and recording agreement	Telegraph service
Fee and retainer of attorney	Telephone service
Law book	Travelling expense
Legal form	Witness fee not provided for elsewhere
Legal report	

634. Injuries to Persons.

This account shall include all expenses (other than law expenses) on account of persons other than employees being killed or injured in the operation of pipe line systems. It shall also include amounts representing the estimated cost of settlement of current casualties. Items which would not appreciably affect the accounts need not be anticipated.

Items of Expense

(See general instructions, section 4.)

Pay and expense of claims agent, investigation and adjuster
Medical and hospital fee and expense
Funeral expense
Personal injuries claim

635. Pensions and Employee Welfare Expense.

This account shall include the carrier's contribution to pensions in respect of past and current services of employees. It shall also include expenses incurred and amounts contributed for the relief or welfare of employees.

When the carrier has instituted a pension trust fund, and/or a welfare fund, the aforementioned contributions by the carrier shall be transferred to the fund. When the carrier has not instituted such a trust fund or welfare fund, such contributions shall be credited to account No. 70, "Welfare and pension appropriations".

It shall also include pensions paid currently to retired employees, where such are borne by the carrier and not chargeable to the pension trust funds or welfare and pension appropriations. It shall further include gratuities paid to the families or heirs of employees, amounts paid currently to trustees to provide annuities for retired employees, and other similar items.

Third party expenses incurred by the carrier in connection with the administration of pensions shall be charged to this account when such expenses are borne by the carrier and not by the pension trust fund.

This account shall be sub-divided as follows:

- (a) Pensions Expense
- (b) Employee Welfare Expense

Items of Employee Welfare Expense

(See general instructions, section 4.)

Group life insurance plan contribution
Hospitalization plan contribution
Sickness benefit
Survivor benefit
Employee suggestion award
Recreation and athletic program
Savings plan contribution

NOTE A—Pension payments otherwise chargeable to this account, in respect of employees previously engaged in non-carrier operations, shall be included in account No. 412, "Non-carrier expenses".

NOTE B—Where cash and securities are appropriated by the carrier to a special fund for the purpose of maintaining pension payments, such a fund shall be carried in account No. 23, "Insurance and other funds".

636. Damage to Property.

This account shall include amounts not covered by insurance paid for damage to the property of others (except oil lost) on account of bursting of pipes or by other occurrences incident to the operation and maintenance of pipe lines, including amounts paid under court judgments or in compromise of actions.

This account shall also include amounts representing the estimated liability for current damages. Items which would not appreciably affect the accounts need not be anticipated.

638. Insurance.

This account shall include premiums, except reinsurance premiums, for insuring the carrier against loss, through injuries to persons, or damage to or destruction or loss of property, whether caused by fire, accident, or other causes, when such losses to the carrier would be chargeable to pipe line operations; also premiums on fidelity bonds for employees. (See general instructions, section 11.)

NOTE—The provisions of the carrier for self insurance shall be credited to account No. 72, "Insurance reserves", to which account shall be charged the amount of all claims for injuries to persons and damages to the property covered thereby. To such account shall also be charged all reinsurance premiums paid to insurance companies and to it shall be credited all amounts recovered from insurance companies for damages to the property reinsured by them.

639. Extraordinary Losses.

This account shall include extraordinary losses on account of destruction of oil in transit or in storage for which the carrier is responsible.

It shall also include the cost of repairing damage to the carrier's plant when caused by fire, flood, tornado, earthquake, or other extraordinary circumstances.

To this account shall be credited insurance recovered on account of losses chargeable to this account.

This account shall also include amounts representing the estimated liability for current damages. Items which would not appreciably affect the accounts need not be anticipated.

NOTE—The accounting for the cost of replacing units of property destroyed by extraordinary circumstances shall be in accordance with general instructions, section 8, "Property retired".

640. Operating Rents.

This account shall include the cost of rents in respect of leased premises or property used in transportation service and not provided for elsewhere.

NOTE—Taxes on leased carrier property shall be charged to account Nos. 642, 692 or 792, "Other taxes", as applicable.

641. Other Expenses.

This account shall include losses on sale of material and supplies not purchased for resale and all other general operating expenses not chargeable elsewhere.

642. Other Taxes.

This account shall include taxes of all kinds (other than taxes on income and ad valorem taxes on material) relating to carrier property, operations, and privileges, whether based upon the valuation of the property, amount of stocks and bonds or other evidences of debt issued or outstanding; quantity of oil transported, length of pipe line operated or owned, or other basis.

Similar taxes on leased property shall be included in this account by the carrier obligated to assume such expenses under the terms of the lease.

NOTE A—Taxes on leased property paid by one party to the lease and chargeable to the other party to the lease shall be charged directly to the party bearing the expense and not included in the income account of the party first making payment.

NOTE B—Taxes on other than carrier property, operations, and privileges shall be charged to account No. 412, "Non-carrier expenses".

NOTE C—Where the carrier elects to make a lump sum payment in respect of assessments by governmental authority, the deferred portion of such payments shall be charged to account No. 43, "Public improvements".

NOTE D—Taxes on new lines under construction or on property acquired for the extension of existing lines or for addition or replacement purposes before the facilities are opened for commercial operation or the property acquired becomes available for service shall be charged to the appropriate property accounts.

NOTE E—Interest and penalties for failure to pay taxes within the allotted time whether based on monthly or annual percentage rates or otherwise, shall be charged to account No. 417, "Interest on unfunded debt".

643. Bad Debts.

This account shall be charged with amounts receivable, which after a reasonably diligent effort to collect are determined to be uncollectible. It shall also include amounts receivable the ultimate collectibility of which is uncertain.

TRUNK LINES.

MAINTENANCE.

651. Superintendence.

For text of this section see account No. 601.

652. Repairs of Pipe Lines.

For text of this section see account No. 602.

654. Repairs of Buildings.

For text of this section see account No. 604.

655. Repairs of Pumping Equipment.

For text of this section see account No. 605.

656. Repairs of Oil Tanks.

For text of this section see account No. 606.

657. Repairs of Receiving and Delivery Facilities.

For text of this section see account No. 607.

658. Repairs of Communication Systems.

For text of this section see account No. 608.

659. Repairs of Office Furniture and Equipment.

For text of this section see account No. 609.

660. Repairs of Vehicles and Other Work Equipment.

For text of this section see account No. 610.

661. Repairs of Other Station Equipment.

For text of this section see account No. 611.

662. Other Repairs.

For text of this section see account No. 612.

664. Extraordinary Retirements.

For text of this section see account No. 614.

665. Equalization—Property.

For text of this section see account No. 615.

666. Amortization Adjustment.

For text of this section see account No. 616.

667. Repairs of Aircraft, Engines and Flying Equipment.

For text of this section see account No. 617.

TRANSPORTATION.

671. Superintendence.

For text of this section see account No. 621.

672. Operation of Pipe Lines.

For text of this section see account No. 622.

673. Operation of Pumping Stations.

For text of this section see account No. 623.

674. Operation of Oil Tanks.

For text of this section see account No. 624.

675. Operation of Receiving and Delivery Facilities.

For text of this section see account No. 625.

676. Operation of Communication Systems.

For text of this section see account No. 626.

677. Oil Loss.

For text of this section see account No. 627.

678. Other Expenses.

For text of this section see account No. 628.

679. Operation of Aircraft.

For text of this section see account No. 629.

GENERAL OFFICE AND OTHER EXPENSES.

681. General Office Salaries.

For text of this section see account No. 631.

682. General Office Supplies and Expenses.

For text of this section see account No. 632.

683. Law Expenses.

For text of this section see account No. 633.

684. Injuries to Persons.

For text of this section see account No. 634.

685. Pensions and Employee Welfare Expense.

For text of this section see account No. 635.

686. Damage to Property.

For text of this section see account No. 636.

688. Insurance.

For text of this section see account No. 638.

689. Extraordinary Losses.

For text of this section see account No. 639.

690. Operating Rents.

For text of this section see account No. 640.

691. Other Expenses.

For text of this section see account No. 641.

692. Other Taxes.

For text of this section see account No. 642.

693. Bad Debts.

For text of this section see account No. 643.

GENERAL CLEARING ACCOUNTS.

MAINTENANCE.

751. Superintendence.

For text of this section see account No. 601.

752. Repairs of Pipe Lines.

For text of this section see account No. 602.

754. Repairs of Buildings.

For text of this section see account No. 604.

758. Repairs of Communication Systems.

For text of this section see account No. 608.

759. Repairs of Office Furniture and Equipment.

For text of this section see account No. 609.

761. Repairs of Other Station Equipment.

For text of this section see account No. 611.

762. Other Repairs.

For text of this section see account No. 612.

766. Amortization Adjustment.

For text of this section see account No. 616.

767. Repairs of Aircraft, Engines and Flying Equipment.

For text of this section see account No. 617.

TRANSPORTATION.

771. Superintendence.

For text of this section see account No. 621.

776. Operation of Communication Systems.

For text of this section see account No. 626.

779. Operation of Aircraft.

For text of this section see account No. 629.

GENERAL OFFICE AND OTHER EXPENSES.

781. General Office Salaries.

For text of this section see account No. 631.

782. General Office Supplies and Expenses.

For text of this section see account No. 632.

783. Law Expenses.

For text of this section see account No. 633.

784. Injuries to Persons.

For text of this section see account No. 634.

785. Pensions and Employee Welfare Expense.

For text of this section see account No. 635.

788. Insurance.

For text of this section see account No. 638.

790. Operating Rents.

For text of this section see account No. 640.

791. Other Expenses.

For text of this section see account No. 641.

792. Other Taxes.

For text of this section see account No. 642.

793. Bad Debts.

For text of this section see account No. 643.

CLEARING ACCOUNTS.

801. Vehicles and Other Work Equipment Expenses.

This account shall include the expenses of operating and repairing vehicles, and other work equipment, including the expenses of operating garages.

This account shall be cleared by adding to the cost of the work performed through the use of such property, such amounts as will distribute expenses equitably.

Items of Expense

(See general instructions, section 4.)

License fees for drivers

Overages and shortages in material and supplies for vehicles and other work equipment

Supplies, such as fuel, gasoline, oil, tires, tubes, tire chains, soap, waste, sponges, measures, funnels, electric power, etc., used in the operation of vehicles and other work equipment garages

Supervisors and other office and field forces, including the pay and expenses of inspectors, testers, garage men, and other employees.

NOTE—When the cost of operating and repairing vehicles and other work equipment is directly chargeable to the accounts for gathering lines or for trunk lines, the expenses may be charged direct to the accounts for gathering lines or trunk lines, instead of being cleared through this account.

802. Shop Expenses.

To this account shall be charged items of expense at shops and other places at which mechanical work is done, and not assignable directly to specific accounts.

For the purpose of securing an equitable assignment of shop expenses to the cost of the output of the shops, a separate clearing account shall be maintained for each shop plant.

The shop expenses for each shop plant shall be apportioned each month among the various accounts to which are chargeable the directly assignable expenses of the plant. The apportionment of shop expenses to each account shall be based upon the ratio of the shop expenses to the total assigned labour of the shop plant. The carrier is permitted to make the monthly apportionments of shop expenses on the basis of percentage rates, provided these rates are currently adjusted, and provided further that the balance in this account for each shop plant shall be fully apportioned and distributed at the close of each calendar year.

The expenses assignable to this account are as follows:

General shop employees. The pay of general foremen in small shops, who exercise direct supervision over all departments unassisted by department foremen; the pay of department foremen, assistant department foremen, other supervising or directing employees, and their clerks; pay of chauffeurs and oilers; pay of sweepers, cleaners, and other unskilled labourers employed in general work in and about shops and shop grounds; pay of watchmen, gatekeepers, and policemen at shops and other places at which mechanical work is done; pay of employees while attending fires or fire drills; pay of employees while making, repairing, or having charge of small shop tools; and the pay of employees while regularly engaged in making shop delivery of material from warehouses.

Power. The pay of stationary engineers, firemen, electricians, fuel handlers, and other employees engaged in production of power; cost of fuel used in steam and other power plants in producing power for shops and for other places at which mechanical work is done; cost of oil, grease, waste, and other material used in the operation of such power plants; cost of small tools and supplies, and the cost of water and power purchased.

Heating. The cost of fuel and other supplies used for heating shops and other places at which mechanical work is done, shop offices, watchmen's, gatekeepers' and inspectors' boxes; and the pay of other employees engaged in operating heating equipment.

Lighting. The cost of electric current, gas, lights not permanently attached to buildings, flood lights, and other material used in lighting shops and shop offices and other places at which mechanical work is done, and the cost of material used and labour expended in operating electric light plants and repairing electric circuits at shops.

Shop supplies. Fuel for shop work; supplies and small tools used by mechanics and other employees engaged in construction or repair work; text room and laboratory supplies used in connection with shop work; lubricating material for shop machinery and tools; water used at shops and shop offices and other places at which mechanical work is done; and other supplies used generally in shop work.

Incidental expenses. Watchmen's uniforms, clocks, and call boxes; traveling expenses connected with the operation of shops not directly chargeable to other accounts; removal of snow and ice from shop yards when removed by shop employees; cost of ice for shops; and other undistributed shop expenses.

Balance. The balance in this account shall be included in account No. 45, "Other deferred debits".

803. Material Store Expenses.

To this account may be charged expenses, if significant, directly incurred in connection with purchasing, handling, and storing material in and distributing it from the carrier's warehouses, including the pay of employees in the store departments and their travelling, office and other expenses. The pay and expenses of men employed in inspecting a single class of material shall be added as store expenses to the cost of that particular material.

The total amount of warehouse expenses charged to this account shall be so distributed among the accounts to which material has been charged that the amounts thus distributed will be, for each account, in proportion to the value of the material consumed chargeable thereto. To avoid monthly fluctuations in the ratio of store expenses to the value of material purchased or issued, carriers may make a monthly apportionment on the basis of fair percentage rates, provided the store expense account be adjusted and closed out at the end of each calendar year.

The monthly balance in this account shall be included in account No. 45, "Other deferred debits".

804. Machine Tools and Machinery—Maintenance.

This account shall include the cost of repairs of machine tools and machinery.

This account shall be cleared by adding to the cost of the work performed through the use of such property, such amounts as will distribute expenses equitably.

NOTE A—The cost of labour expended and material consumed in the operation of machine tools and machinery shall be charged direct to the work in connection with which such property is operated.

NOTE B—The depreciation charges for machine tools and machinery shall be included in account No. 414, "Depreciation". Billings to cover depreciation on such property which has been leased shall be credited to account Nos. 503 or 553, "Rent revenue", as applicable.

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